

# Purchasing Week

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## P.A.'s Say: '45 Days of Steel Are Enough'

### Price Outlook In Key Industries

Washington — Here's how government price experts view the price outlook on key items for the rest of the year:

• **Metals** — Nonferrous metals to continue inching down. Steel is not expected to show much change until higher wages go into effect next December. Smaller steel companies have recently been sounding off about the need for price readjustments.

• **Machinery** — Not much change until after the fourth quarter and a reevaluation of the general economic picture as well as steel price outlook.

• **Hides, skins, and leather** — Some shoe manufacturers already have posted price increases in men's fall shoes. Hides in general may go down

somewhat as more beef cattle come to market this fall.

• **Textiles** — Some signs that fall clothing lines may bear higher price tags because of new wage agreements. Textile prices have been firming across the board recently, though it's a question of whether these higher tags can stick, especially in view of stiff foreign competition.

• **Fuel and power** — Oil prices will remain soft. The new increase in residual oil used for industrial fuel is already shaky, and probably can't be maintained.

• **Paper and allied products** — Probably some further increases due as a result of the strong and consistent increase in demand for paper products.

• **Stone, clay, glass** — Probably not much change in glass prices until domestic producers have a chance to gage the impact of the French-built glass plants now being built in this country. Cement prices firm until year end.

• **Furniture** — Higher prices as a result of good demand.

• **Lumber** — May be some rise in lumber prices, especially if homebuilding picks up smartly. Some seasonal decline next fall. Over-all, lumber prices should be somewhat lower in 1960 than 1959.

• **Rubber** — Stable synthetic prices. Natural rubber probably the same, though this is always dependent on the political situation in producing countries.



**PORTABLE POWER PACK:** Fuel Cell developed by GE for Marines and Army produces 200 watts dc at 24 volts for 14 hours of operation, could some day benefit industry.

### Buying Pattern Stems From Good Supplies, Stiff Cost of Keeping High Level Inventories

Pittsburgh — Industry's decision to allow steel inventories to level off, and even decline in many cases, has signaled a dramatic shift in basic purchasing policy.

The change has gone virtually unnoticed. Concern over the failure of industry generally to match many of the sky-high production forecasts voiced so freely last winter (following the end of the steel strike) has obscured the new buying tactics.

What is happening is that steel buyers, as a group, appear at long last to be adopting the frequently advocated advice of major steel producers:

Match steel purchases more closely with actual consumption and avoid the costly peaks and valleys of inventory buildup and decline.

This shift in the steel buying pattern was at the bottom of the rapid recovery of steel inventories after the 1959 strike. Some informed steel sales executives feel that the old pattern of steel inventorying—which used to be an industry buildup to around 25-million tons in periods of good business followed by a dip to around 10-million tons in periods of slack business—is now obsolete. The new pattern which seems to be emerging is a smart compromise—an inventory buildup to 18 to 20-million tons in good periods with a more mild

(Turn to page 34, column 1)

### Capital Takes a New Look at Prices, Finds Inflation Isn't Buried Yet

Washington — Officials have lost some of their former complacency about the successful containment of inflation.

Industrial prices have been holding well from an official point of view, at least. But some government experts are beginning to worry about the over-all effect of food prices.

The question is: Will rising food prices trigger a new general inflationary spurt? As of now, government economists have varying estimates.

Here's the background against which they are trying to assess the situation. Food prices were falling during 1958 and 1959. This drop offset the increase in prices of services, and, to a lesser degree, of manufactured goods. The result was the consumer price index (CPI), the official gauge of inflation, maintained a relative stability during the past two years.

But agricultural economists are wondering now whether food prices are turning around and entering a new long-term upward

(Turn to page 4, column 3)

### New Rail Rate Cuts Draw Vigorous Seaway Protest

Chicago — Steamship conferences and port authorities from Buffalo to Chicago are preparing a massive protest against proposed railroad rate slashes of up to 20% on industrial goods.

Some 30 Eastern railroads will begin posting the new rates today. The cuts will affect iron and steel rods, chinaware, trucks, cars, paper and paper products, pulpboard and fiberboard, and agricultural implements.

First disclosure of the major rate move, aimed at meeting St. Lawrence Seaway competition, came in a recent address by New

(Turn to page 34, column 4)

### Zinc Industry Feud Over Alloy Market May Drop Prices by Summer

New York — Feuding factions in the zinc industry are keeping Special High Grade Zinc and die casting alloy prices in uneasy balance.

Despite fair demand, fierce infighting between some integrated producers and the smaller zinc alloy makers has the makings of a competitive war—with the distinct possibility of a general lowering of the Special High Grade Zinc prices by summer.

The bone of contention: Who is going to capture the lucrative die casting zinc alloy market which is now divided between the integrated producers and the independent alloy makers.

• **The independent's side:** These small alloy makers have to buy most of the raw material (Special High Grade Zinc) from integrated producers. And they claim that these producers—by reducing the spread between the raw material and the finished product (alloys)—are creating a cost-price squeeze, forcing the independents out of the market.

• **The producer's side:** Some

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### New PW Index

PURCHASING WEEK has prepared a new editorial index covering the highlights of general industrial, economic, and business articles that appeared in 1959.

Readers can obtain a free copy of this handy reference and summary of PURCHASING WEEK'S 1959 editorial content by writing to The Editor, PURCHASING WEEK 330 W. 42nd St., N. Y. 36.

## P/W PANORAMA

• **There's Gold in That Scrap Pile.** And, if you know what you're up to, you can upgrade the quality of your industrial scrap and turn a pretty penny in the process. For a complete run-down see story beginning on p. 30.

• **'Bits and Pieces Progress'** is what traffic experts foresee from the proposed changes in rate-making and other major policies that the Commerce Department recently suggested. See transport story, p. 13.

• **More Than 3,000 Purchasing Agents** are readying for the big 45th Annual NAPA Convention in Los Angeles next month. With just four weeks to go, plans are shaping into final form. For details, see p. 8.

• **The Whole Often Isn't so Good as the Sum of Its Parts.** That's why so much emphasis is now being put on "reliability" mathematics. AC Spark Plug tells you how it works on p. 16.

### Policy Debate Rages In Washington Over Single Electronic Buying Plan

Washington — Another Pentagon procurement problem—involving electronic equipment—is rapidly reaching a boiling point.

This fast-growing area of defense buying already represents a multibillion dollar military market for civilian suppliers. Some 40 different military field agencies buy electronic equipment of one kind or another.

The policy squabble is over the issue of consolidating electronics procurement.

Many government officials—both in Congress and in the General Accounting Office—insist the Armed Forces could cut costs, reduce duplication of effort, and speed up delivery of equipment

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### This Week's

## Purchasing Perspective

APRIL 25-MAY 1

**OVERNIGHT SERVICE**—Vendors with the fastest delivery schedules are getting the nod from buyers in these days of even-stephens prices and close-to-the-vest inventory policies.

Mith most materials and products readily available, buyers are pushing suppliers to rush orders through at near record pace. P.A.'s replying to PURCHASING WEEK queries and to local association business surveys indicate most ordering policies now are geared conveniently to 30-to-60 day lead times.

• • •

P.A.'s striving to reduce inventory and transportation costs are reaping new benefits from the ever-intensifying rivalry between truckers and railroads for freight business.

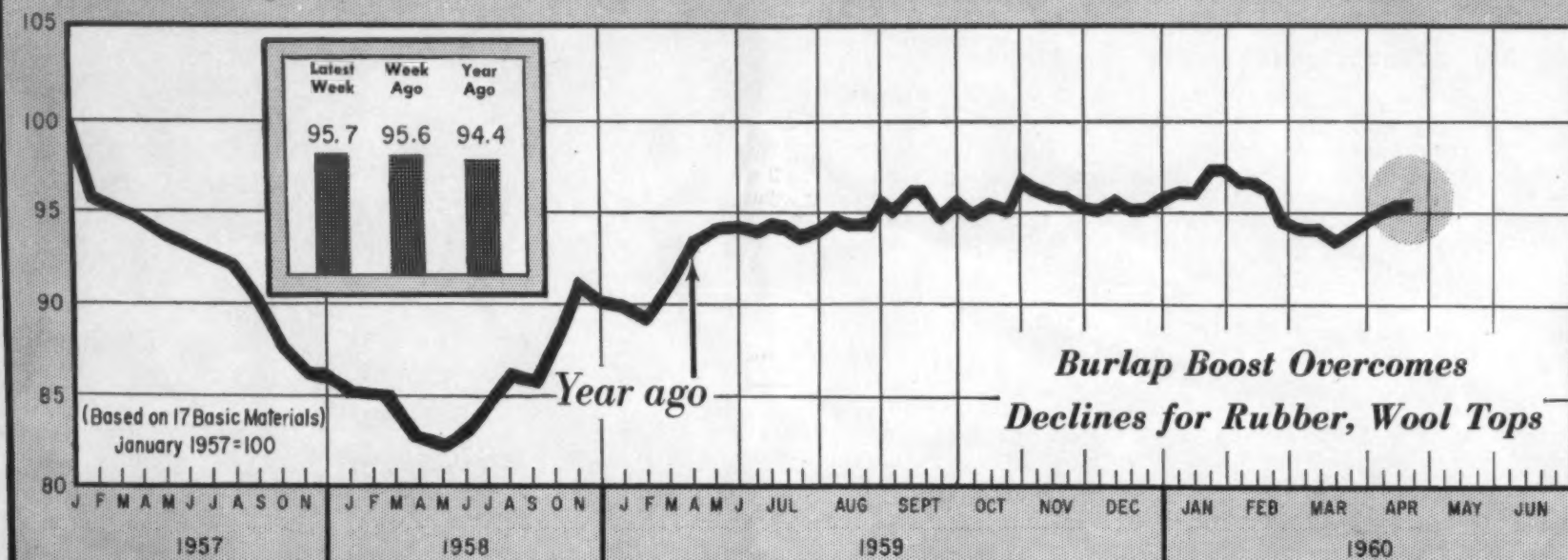
• The P.A., who may be just another harassed rider on the daily commuter run, is getting red carpet treatment as a rail freight customer. He now can schedule his incoming freight shipments with virtual passenger train speed on runs between East and West. The New York Central, for instance, last week set up a daily 24-hour timetable for its all-container freight trains between New York and Chicago. It's the latest of several moves by Eastern and Western roads to establish fast freight

(Turn to page 33, column 1)



# Purchasing Week Industrial Materials Price Barometer

This index, based on 17 basic materials, was especially designed by the McGraw-Hill Department of Economics.



## This Week's Commodity Prices

	Apr. 20	Apr. 13	Year Ago	% Yrly Change
<b>METALS</b>				
Pig iron, Bessemer, Pitts., gross ton.....	67.00	67.00	67.00	0
Pig iron, basic, valley, gross ton.....	66.00	66.00	66.00	0
Steel, billets, Pitts., net ton.....	80.00	80.00	80.00	0
Steel, structural shapes, Pitts., cwt.....	5.50	5.50	5.50	0
Steel, structural shapes, Los Angeles, cwt.....	6.20	6.20	6.20	0
Steel, bars, del., Phila., cwt.....	5.975	5.975	5.975	0
Steel, bars, Pitts., cwt.....	5.675	5.675	5.675	0
Steel, plates, Chicago, cwt.....	5.30	5.30	5.30	0
Steel scrap, #1 heavy, del. Pitts., gross ton.....	35.00	35.00	37.00	-5.4
Steel scrap, #1 heavy, del. Cleve., gross ton.....	33.00	33.00	36.00	-8.3
Steel scrap, #1 heavy, del. Chicago, gross ton.....	32.00	32.00	33.00	-3.0
Aluminum, pig, lb.....	.26	.26	.247	+5.3
Secondary aluminum, #380 lb.....	.25	.25	.218	+14.7
Copper, electrolytic, wire bars, refinery, lb.....	.326	.326	.312	+4.5
Copper scrap, #2, smelters price, lb.....	.245	.238	.263	-6.8
Lead, common, N.Y., lb.....	.12	.12	.115	+4.3
Nickel, electrolytic, producers, lb.....	.74	.74	.74	0
Nickel, electrolytic, dealers, lb.....	.74	.74	.74	0
Tin, Straits, N.Y. lb.....	.989	.993	1.023	-3.3
Zinc, Prime West, East St. Louis, lb.....	.13	.13	.11	+18.2
<b>FUELS†</b>				
Fuel oil #6 or Bunker C, Gulf, bbl.....	2.10	2.10	2.00	+5.0
Fuel oil #6 or Bunker C, N.Y., barge, bbl.....	2.47	2.47	2.37	+4.2
Heavy fuel, PS 400, Los Angeles, rack, bbl.....	2.15	2.15	2.15	0
Lp-Gas, Propane, Okla., tank cars, gal.....	.04	.04	.045	-11.1
Gasoline, 91 oct. reg., Chicago, tank car, gal.....	.115	.115	.12	-4.2
Gasoline, 84 oct. reg., Los Angeles, rack, gal.....	.108	.108	.117	-7.7
Kerosene, Gulf, cargoes, gal.....	.09	.09	.099	-9.1
Heating oil #2, Chicago, bulk, gal.....	.088	.088	.13	-32.3
<b>CHEMICALS</b>				
Ammonia, anhydros, refrigeration, tanks, ton.....	90.50	90.50	90.50	0
Benzene, petroleum, tanks, Houston, gal.....	.34	.34	.31	+9.7
Caustic soda, 76% solid, drums, carlots, cwt.....	4.80	4.80	4.80	0
Coconut, oil, inedible, crude, tanks, N.Y. lb.....	.175	.18	.21	-16.7
Glycerine, synthetic, tanks, lb.....	.293	.293	.278	+5.4
Linseed oil, raw, in drums, carlots, lb.....	.166	.166	.16	+3.8
Phthalic anhydride, tanks, lb.....	.165	.165	.165	0
Polyethylene resin, high pressure molding, carlots, lb.....	.325	.325	.35	-7.1
Rosin, W.G. grade, carlots, fob N.Y. cwt.....	14.00	14.00	9.85	+42.1
Shellac, T.N., N.Y. lb.....	.31	.31	.30	+3.3
Soda ash, 58%, light, carlots, cwt.....	1.55	1.55	1.55	0
Sulfur, crude, bulk, long ton.....	23.50	23.50	23.50	0
Sulfuric acid 66% commercial, tanks, ton.....	22.35	22.35	22.35	0
Tallow, inedible, fancy, tank cars, N.Y. lb.....	.063	.063	.074	-14.9
Titanium dioxide, anatase, reg. carlots, lb.....	.255	.255	.255	0
<b>PAPER</b>				
Book paper, A grade, Eng. finish, Untrimmed, carlots, cwt.....	17.75	17.75	17.00	+4.4
Bond paper, #1 sulfate, water marked 20 lb, car. lots, cwt.....	25.20	25.20	24.20	+4.1
Chipboard, del. N.Y., carlots, ton.....	100.00	100.00	95.00	+5.3
Wrapping paper, std. Kraft, basis wt. 50 lb rolls.....	9.25	9.25	9.00	+2.3
Gummed sealing tape, #2, 60 lb basis, 600 ft. bundle.....	6.30	6.30	6.40	-1.6
Old corrugated boxes, dealers, Chicago, ton.....	20.00	20.00	21.00	-4.8
<b>BUILDING MATERIALS‡</b>				
Cement, Portland, bulk carlots, fob New Orleans, bbl.....	3.65	3.65	3.65	0
Cement, Portland, bulk carlots, fob N.Y., bbl.....	4.18	4.18	4.25	-1.6
Southern pine, 2x4, s4s, trucklots, fob N.Y., mftbm.....	124.00	124.00	126.00	-1.6
Douglas fir, 2x4, s4s, carlots, fob Chicago, mftbm.....	139.00	139.00	138.00	+7
Douglas fir, 2x4, s4s, carlots, fob Toronto, mftbm.....	105.00	105.00	120.00	-12.5
<b>TEXTILES</b>				
Burlap, 10 oz. 40", N.Y., yd.....	.118	.115	.102	+15.7
Cotton middling, 1", N.Y., lb.....	.341	.341	.361	-5.5
Printcloth, 39", 80x80, N.Y., spot, yd.....	.205	.205	.187	+9.6
Rayon twill, 40 1/2", 92x62, N.Y., yd.....	.235	.235	.22	+6.8
Wool tops, N.Y., lb.....	1.47	1.485	1.62	-9.3
<b>HIDES AND RUBBER</b>				
Hides, cow, light native, packers, Chicago, lb.....	.225	.225	.295	-23.7
Rubber, #1 std ribbed smoked sheets, N.Y., lb.....	.401	.404	.339	+18.3

† Source: Petroleum Week ‡ Source: Engineering News-Record

This Week's

## Price Perspective

APRIL 25-MAY 1

**COMPETITION IS PROVING A PRIME FACTOR** in keeping industrial prices on a relatively even keel.

Last week's flurry of activity in the cutting tool industry (see p. 3) is a perfect illustration of this force at work.

True, producers announced boosts of 12% to 12 1/2%. But you'd have to look hard to find a distributor who hopes to net that much extra revenue.

**And with reason: With a few maverick producers already cutting tags—it hardly seems a propitious time to post across-the-board hikes.**

The accompanying producer decision to raise distributor discounts—at a time when their own profits are being squeezed—is the convincer. **Why give distributors a bigger spread between cost and list price—unless you expect them to use it?**

Then there's always foreign cutting tools. While they haven't become much of a threat yet—they could (particularly standard item tools) if new price rises stick.

**TRANSPORTATION IS ANOTHER AREA** where competition is working full time to keep a lid on tags.

In fact, it's actually tending to reduce over-all traffic costs. And you don't have to go beyond today's headlines to see this force in action.

Take New York Central's latest announcement of 20% rate cuts on several key industrial items. The railroad is the first to admit that cuts are a direct result of St. Lawrence Seaway competition (see story p. 1).

**And it's this same competitive force that's primarily behind all the recent cost-reducing innovations in transportation.**

As quickly as one arm of the industry comes up with a new technique, the others are almost forced to come up with matching ones of their own.

Result: a rash of new techniques—including piggyback, fishyback, birdie-back, and double bottom trucking.

**THE RAPID PACE OF TECHNOLOGY** is one of the basic factors to consider when evaluating the current competitive outlook.

And you've got to look at it from two angles:

• **Domestic**—Research and development have made aluminum, steel, copper, and plastics sharp competitors. That's in distinct contrast to just a few years back when each material had a specific well-defined market virtually to itself.

• **Foreign**—Rapidly improving technology in Europe and Japan also has to be reckoned with. It's upped productivity in these areas at a much faster pace than our own 3% per annum rate.

**And since wage rates usually lag behind sharp productivity gains, these foreign countries have been able to undersell U.S. producers in many lines where output per man-hour has soared.**

**THE NEXT FEW MONTHS** will see competition intensify.

First, there's the capacity factor to consider. Both foreign and domestic ability to produce goods will be steadily rising—at a time our own business curve will be flattening out. It's bound to shift the supply-demand curve over closer into a buyer-type market.

**Certainly the latest PURCHASING WEEK industrial wholesale price estimate gives this impression. Despite record sales and output, prices are inching up at a rate of less than 0.1% a month. That's an annual rate of only about 1% per year.**

The fact is that competitive pressures are now virtually as strong as the inflationary factors of rising wage and material costs. It means relative stable prices—at least through summer.



# New Cutting Tool Price Rises Irk Purchasers

**Industry-Wide Hike Goes Into Effect April 18; Twist Drills, Reamers, End Mills Rise About 12%**

**New York**—Stormy buyer reaction to last week's cutting tools price boost, plus the competitive situation in the industry, make it uncertain as to how much of the increase will stick—or whether it will stick at all.

Prices for all sizes of twist drills and reamers, end mills and solid carbide tools were raised an average of 12% to 12½% on April 18. The hike, virtually industry wide, included a boost of the distributor's margin to 25%—from 20%—on consumer prices posted by the manufacturer. Industrial distributors sell practically all the output of major manufacturers.

The move stirred a sharp protest from cutting tool buyers. Most of them didn't see any justification for the increase now.

P. A.'s in Detroit, Cleveland, and other big industrial centers said they don't understand the reason for the price increases. One big Cleveland user of cutting tools even accused the manufacturers of not doing enough to keep their costs down. He said his firm would refuse to pay the increase until next year, when he will have to negotiate a new price. If business is booming at that time, he feels he'll probably get stuck for the whole increase.

Another cutting tool buyer in Cleveland says that he's prepared to hold off buying at the higher prices for a year if necessary—but he thinks the price hike won't stick and "by the Fourth of July the whole price picture will be wide open."

## P.A. SUMS UP

The P. A. side is best summed up by S. P. Tornga, purchasing agent for Johnson Products, Inc., who sent PURCHASING WEEK a copy of the letter he wrote his local supplier. The letter reads in part:

"I cannot see the wisdom or the justification of this increase, since there has been no increase in the cost of steel or noticeable labor increases. As recently as July, 1959 your industry readjusted prices to compensate for varying production costs, and other hidden expenses, averaging an increase of 7%. How then can you justify this 12% increase? The only answer given to me by jobber and manufacturer salesmen is that it is an industry-wide increase. All those with whom I have talked about this can find no legitimate reason for this increase.

"This increase may force our company and many others to seek our suppliers from foreign sources. Needless to say, this is not our desire."

## TOOL MAKERS EXPLAIN

Spokesmen for cutting tool manufacturers explained the move as aimed partly to recover increased labor and transportation costs, but, more importantly, to protect their industrial distributors.

Protecting the distributor has become an issue because of widespread discounting and confusion among cutting tool prices.

But distributors themselves are divided as to the effects of the price increases. Some feel—along

with their customers—that it is not justified at this time, and view the price boost with concern.

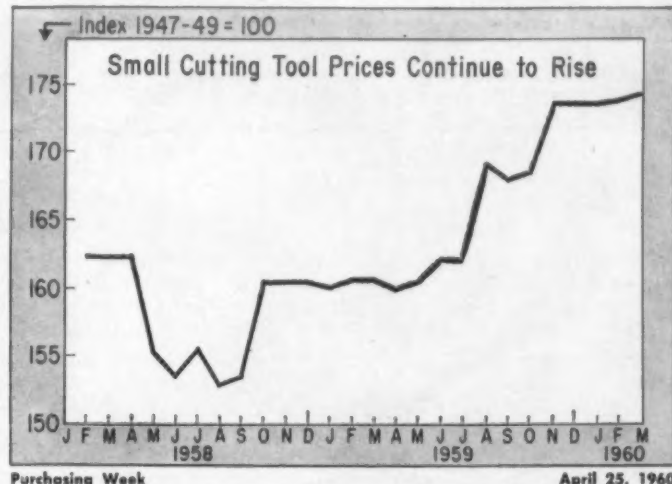
They fear that the announcement of higher dealer margins as part of the price increase is enough to set off another wave of price cutting by distributors.

Some of them say that they won't raise their own prices until May 18—or until the price situation simmers down.

On the other hand, some large distributors feel that the higher margins will enable them to meet competition without hurting their earnings too badly.

"We can increase our sales by discounting more on large orders," said one cutting tools distributor, "but we'll stick to our prices on small purchases. Small quantities will subsidize the discounting on large quantities."

The situation is charged with uncertainty. No one is clear as to what the effects of the price increase will be. Will it stick? Will customer resistance fade away?





# Washington Perspective

APRIL 25-  
MAY 1

A new Pentagon report adds fuel to the controversy over the merits of advertised bidding versus direct negotiation with prime and subcontractors for federal procurement awards.

The Defense Department made a special analysis of prime contract awards to the 25 leading defense contractors in fiscal 1959. The findings:

Only one 1% of the awards were made on a formally advertised basis.

The 25 firms did \$12.3-billion worth of military business—55% of all contracts placed.

All but \$800-million of negotiated contracts awards included fixed fees setting profits as a fixed percentage of costs.

Rep. John A. Blatnik moves fast in his investigation into alleged highway buying scandals.

The Minnesotan opens hearings within a week on alleged malpractices in purchasing, contracting and inspection connected with the multi-billion dollar highway building programs.

Some state purchasing agents eventually are expected to become involved in the investigation, as well as private suppliers.

Blatnik aims to demonstrate the need for a full-scale investigation next year.

He says his staff, a number of whom were picked up from the old McClellan rackets committee, has "unearthed evidence that there was use of substandard materials, falsification of records and reports, and that federal and state inspections did not uncover these departures from acceptable construction practices."

"Fair trade" pricing for manufactured goods receives a quiet burial for this session of Congress.

Manufacturers had mounted a big drive for a federal fair trade act after similar laws had been struck down in state after state.

The measure would have allowed manufacturers to set the minimum retail price tag for their brand-name products. The House Rules Committee, by a 6-4 vote, agreed last week to shelve the measure.

Administration differences over maritime transportation policies bob to the surface.

Federal Maritime Administration Chief Clarence G. Morse has submitted his resignation. He is expected to step down by the end of the month, although his appointment doesn't run out until June 30. Morse has given no reason for his resignation.

But it is known he has been at odds for months with the Administration, and particularly the Budget Bureau.

Morse is said to want to step up government construction subsidies above their present 50% level to encourage the building of a fast modern U.S. cargo fleet. He also wants to continue to give West Coast shipyards a 6% differential on bids for subsidized ship construction to keep a flourishing fleet building industry there. The Administration frowns on both measures.

Capital Airlines' financial troubles point up graphically the airlines' difficulties in trying to inaugurate a modern cargo system.

Many U.S. lines are having difficulty financing new passenger jets, much less going in heavily for cargo planes.

The whole subject of air cargo comes up in Congress this month. The Pentagon is presenting a report to the House Armed Services showing the inadequacy of present airlift capacity of the military air transport service.

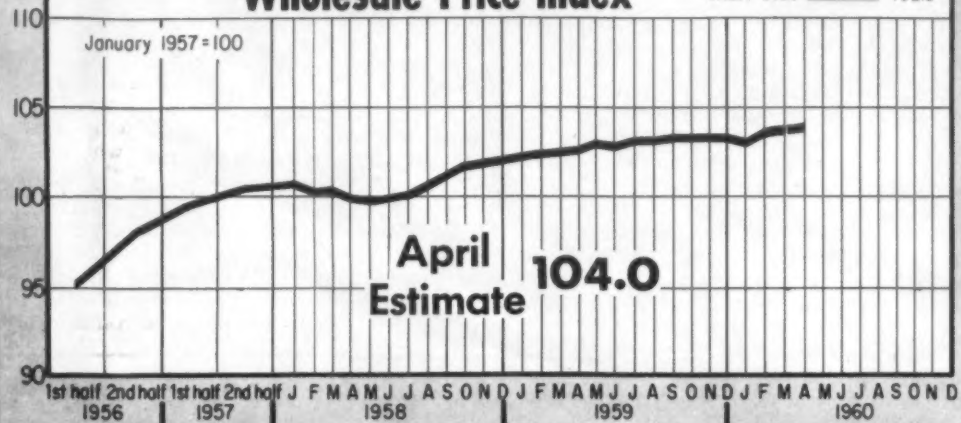
This undoubtedly will add new fuel to proposals for federal subsidies to the private airlines for cargo planes to complement the government-owned MATS line.

## Weekly Production Records

	Latest Week	Week Ago	Year Ago
Steel ingot, thous tons	2,305	2,225*	2,646
Autos, units	140,160	133,460*	135,934
Trucks, units	25,392	27,748*	26,440
Crude runs, thous bbl, daily aver	7,898	8,035	7,856
Distillate fuel oil, thous bbl	12,249	12,638	12,833
Residual fuel oil, thous bbl	6,761	6,913	6,410
Gasoline, thous bbl	28,472	28,680	27,491
Petroleum refineries operating rate, %	80.9	82.3	81.2
Container board, tons	167,502	161,909	170,893
Boxboard, tons	103,323	98,577	95,370
Paper operating rate, %	92.8	98.3*	95.2
Lumber, thous of board ft	260,035	254,822	247,215
Bituminous coal, daily aver thous tons	1,385	1,389*	1,331
Electric power, million kilowatt hours	13,263	13,494	12,609
Eng const awards, mil \$ Eng News-Rec	758.3	397.8	314.3

\* Revised

## Purchasing Week's Wholesale Price Index



Purchasing Week  
PURCHASING WEEK'S Wholesale Price Index inched up to 103.9 in March—compared to February's 103.8. 60% of the component prices remained unchanged, while, among the other prices, there were almost as many declines as increases. Diversionsary

seasonal movements occurred among petroleum products, with gasoline going up 3.4% and residual fuel oils dropping 1.7%. Lower copper prices brought a 2.6% drop to wire and cable, while a notable 2% increase occurred in arc welding prices.

## Food Price Rise Stirs Inflation Fear in Capital

(Continued from page 1)  
phase. What is sparking the discussion is the release last week of the government's wholesale price index.

This index, which has been practically stable for two years, jumped six-tenths of a per cent from February to March. The increase was wholly attributable to food prices; non-food items declined one-tenth of a per cent.

But a jump in the index is enough to raise sharply the always explosive question of whether we are in for another period of inflation. The experts all agree that the food increase practically guarantees an increase in the March consumer index.

Most of the economists discount the possibility that the U.S. economy is primed for any sharp inflationary takeoffs. But some, particularly agricultural, are offering some reservations.

While these don't look for a dramatic increase in inflation, they feel that there could be a pronounced period of "creeping" inflation. If agricultural prices now move up, this would throw into bold relief the movements in services and manufactured goods, which have never stopped drifting upwards, even during the period of consumer price stability.

The agricultural economists feel a pronounced upward movement of CPI might have two results:

• It could revive the inflation issue among politicians during this year's election campaign.

• Of more long-range significance, a CPI rise would result in automatic wage increases for millions of workers who have cost of living contracts. If so, this might create a spark among other union members for wage increases to keep up with the cost of living.

The agricultural economists are hedging their predictions for now, however. A downward pressure in meat prices is likely later this year and in 1961 as the big herds start coming to market. Experts still are not sure, though, whether such a softening in meat prices would offset increases in other food prices.

## This Month's Industrial Wholesale Price Indexes

Item	Latest Month	Month Ago	Year Ago	% Yrly Change
Cotton Broadwoven Goods....	105.4	106.0	97.5	+ 8.1
Manmade Fiber Textiles.....	96.7	97.2	97.6	— .9
Leather .....	116.6	118.8	117.5	— .8
Gasoline .....	94.0	90.9	96.8	— 2.9
Residual Fuel Oils.....	73.0	74.3	76.0	— 3.9
Raw Stock Lubricating Oils...	105.9	105.9	96.7	+ 9.5
Inorganic Chemicals .....	102.8	102.8	102.3	+ .5
Organic Chemicals .....	99.4	99.4	99.0	+ .4
Prepared Paint .....	103.4	103.4	103.5	— .1
Tires & Tubes .....	92.8	92.8	102.1	— 9.1
Rubber Belts & Belting.....	105.6	105.6	103.2	+ 2.3
Lumber Millwork .....	107.0	107.0	101.2	+ 5.7
Paperboard .....	99.8	99.8	100.0	— .2
Paper Boxes & Shipping Containers .....	105.2	105.2	101.9	+ 3.2
Paper Office Supplies.....	101.9	101.9	101.2	+ .7
Finished Steel Products.....	109.2	109.2	109.1	+ .1
Foundry & Forge Shop Products .....	108.0	106.9	106.2	+ 1.7
Non Ferrous Mill Shapes.....	100.1	100.1	96.3	+ 3.9
Wire & Cable.....	92.9	95.3	88.9	+ 4.5
Metal Containers .....	105.0	105.0	106.0	— .9
Hand Tools .....	111.0	110.9	109.7	+ 1.2
Boilers, Tanks & Sheet Metal Products .....	103.0	102.5	99.2	+ 3.8
Bolts, Nuts, etc.....	106.3	107.3	107.0	— .7
Power Driven Hand Tools...	108.1	108.1	108.2	— .1
Small Cutting Tools .....	115.4	115.1	106.4	+ 8.5
Precision Measuring Tools....	109.5	109.5	107.3	+ 2.1
Pumps & Compressors.....	112.2	112.2	111.3	+ .8
Industrial Furnaces & Ovens...	121.3	121.1	116.5	+ 4.1
Industrial Material Handling Equipment .....	105.9	107.4	104.3	+ 1.5
Industrial Scales .....	115.7	115.7	104.8	+10.4
Fans & Blowers .....	104.5	104.5	104.3	+ .2
Office & Store Machines & Equipment .....	104.8	104.6	103.9	+ .9
Internal Combustion Engines..	103.6	103.3	103.5	+ .1
Integrating & Measuring Instruments .....	118.0	118.0	115.9	+ 1.8
Motors & Generators.....	104.6	104.6	104.4	+ .2
Transformers & Power Regulators .....	100.1	100.1	101.5	— 1.4
Switch Gear & Switchboard Equipment .....	106.8	108.3	105.6	— 1.1
Are Welding Equipment.....	105.9	103.8	103.9	+ 1.9
Incandescent Lamps .....	130.9	131.6	110.0	+19.0
Motor Trucks .....	106.2	106.2	109.0	— 2.6
Commercial Furniture .....	106.6	106.1	105.5	+ 1.0
Glass Containers .....	105.8	105.8	106.3	— .5
Flat Glass .....	99.7	99.7	99.6	+ .1
Concrete Products .....	104.3	104.4	102.9	+ 1.4
Structural Clay Products.....	107.2	107.2	106.2	+ .9
Gypsum Products .....	104.7	104.7	104.7	0
Abrasive Grinding Wheels....	94.8	94.8	98.7	— 4.0
Industrial Valves .....	116.8	116.8	104.7	+11.6
Industrial Fittings .....	107.6	107.6	99.1	+ 8.6
Anti-Friction Bearings & Components .....	91.9	91.9	96.7	— 5.0



## Court Rules Rails Must See Congress For Help in Making Efficiency Moves

**Washington**—The U.S. Supreme Court has told the nation's railroads to go to Congress for new legislation if they need help to improve efficiency.

That's the meaning of the court's ruling this week on the Norris-LaGuardia Act, which limits the authority of federal courts to issue injunctions in labor disputes. The court says this law bars an injunction against a strike by the order of Railroad Telegraphers to obtain a job security clause in its contract with the Chicago & North Western Railway Co.

Reversing a lower court that had granted an injunction against the strike, the Supreme Court ruled 5-4 that the union demand is a lawful, bargainable issue and comes within the reach of the Norris-LaGuardia definition of what constitutes a "labor dispute."

Said Justice Hugo Black for the majority, "Unless the literal language of this (Norris-LaGuardia Act) definition is to be ignored, it squarely covers this controversy."

Arguments based on the railroad's financial plight, said Black, "are addressed to the wrong forum. If the scope of the Norris-LaGuardia Act is to be cut down in order to prevent 'waste' by the railroads, Congress should be the body to do so."

The controversy began in 1957 when the Chicago & North Western, beset by a serious decline in revenue, sought to improve its competitive position. Among other things, it sought state regulatory approval to abolish and consolidate many of its small branch rail stations, dating from the horse-and-buggy days. Many of its employees in these stations rarely see a train; many work less than one hour a day but are paid for eight hours.

Opposing the consolidation—since it would eliminate members' jobs—the telegraphers' union insisted on a new clause in its contract with the railroad, providing that "no position in existence on Dec. 3, 1957, will be abolished or discontinued except by agreement between the carrier and the organization."

The railroad refused to bargain and sought an injunction against a threatened strike. It argued the union demand was not a "labor dispute" under the Railway Labor Act, did not raise a bargainable issue, and that maintenance of unneeded stations was against national transportation policy.

A federal district court hearing

## Trucking Company Sets Up Bulk Commodity Service For Western Customers

**Denver**—A bulk commodity service has been set up by the Ringsby Truck Lines, Inc. to serve shippers in California, Arizona, New Mexico, Texas, Oklahoma, and Colorado.

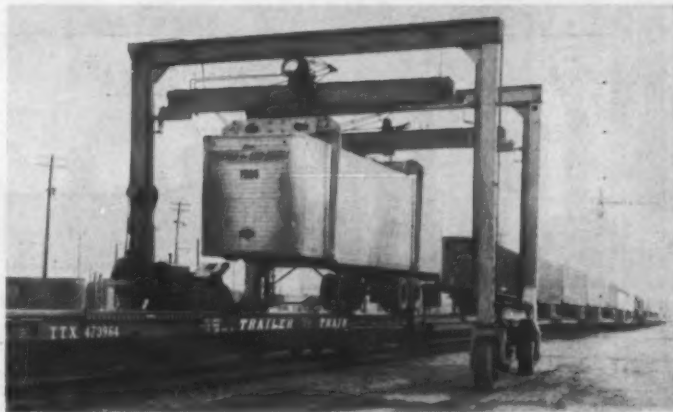
A Ringsby official said extensive research is now underway in custom-built bulk commodity equipment. Some of the equipment will feature custom temperature control for safe handling of vegetable oils and similar products.

## Pennsylvania Railroad Uses New Piggyback Lift

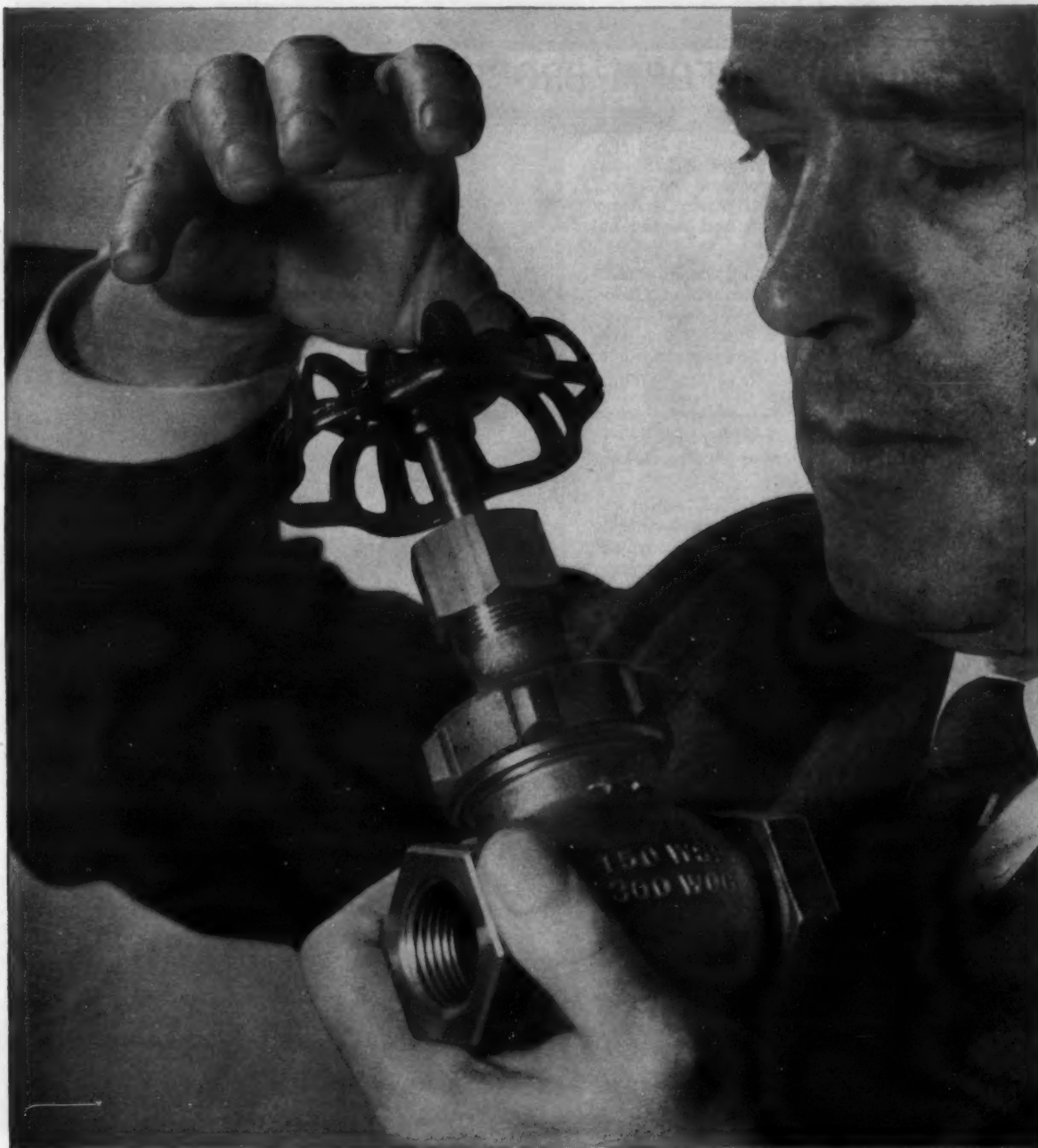
**Kearny, N. J.**—The first automatic lifting device for side-loading of truck trailers and containers in piggyback operations is now in use at the Pennsylvania Railroad yards here.

The loading operation is accomplished by four hydraulically controlled arms, whose fingers grasp the side of the trailer or containers, lift them, and side-load or unload them from a railroad freight car or tractor bed.

One man operating the new device can handle or interchange truck trailers and containers.



**THIS LONG-LEGGED LIFTER**, marketed by Pullman-Standard for piggyback operations, permits one man to automatically handle trailers.



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**MEN WHO OPERATE VALVES** like the *sure grip* they get on an O-B handwheel—find it's contoured to fingers, safely non-heating and won't slip under wet or greasy grasp! Just one of many advance-planned features you get by standardizing on the complete O-B bronze valve line. Ask your distributor for the valve in the orange-and-black box.

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# O-B VALVES





# Zinc Industry Squabbles

(Continued from page 1) of the big integrated suppliers admit to pushing their alloy business. They argue that there's no economic justification for the independents' existence—and that they can reduce costs  $\frac{1}{2}\phi$  to  $\frac{3}{4}\phi$  by taking over this alloying operation.

It's not too unlike the fight going on in aluminum between integrated producers and the independents who buy primary metals

from the producers (see PW, Mar. 21, '60, p. 1).

## (1) A NORMAL SPREAD

The current zinc argument hinges on the price spread. It's now at  $1\frac{3}{4}\phi$  per lb. (see chart at left). That's somewhat below the level most alloyers say they need to make a fair return.

They claim the  $1\frac{3}{4}\phi$  spread just barely allows them to squeeze by. They can meet costs—but that's about all. Profits, they say, are virtually nonexistent with such a small spread between costs and prices.

These independents estimate that they need at the very least a  $2\phi$  spread to make a minimum profit. A  $2\frac{1}{4}\phi$  spread, they say, is what they really need to put them in a "satisfactory competitive position."

## (2) PRODUCERS SPLIT

The situation is further complicated by a fight among the zinc producers. Some of them—like Asarco—have integrated and are trying to capture a larger share of the alloy market.

Several other firms—notably Anaconda, St. Joseph Lead Co. and the U. S. Smelting, Refining and Mining Co.—are not interested in becoming integrated to the extent that they would be selling the die casting alloy.

The latter firms—looking over the large marketing force needed to sell die casting alloy—have decided it's more economical to leave production in the hands of the small independents.

At the same time, these zinc suppliers don't want to lose their zinc market. They fear that if the independent alloyer goes under, their market for Special High Grade Zinc automatically disappears.

As a result, they have a vested interest in keeping the zinc-alloy price spread big enough to keep their independent customers in business.

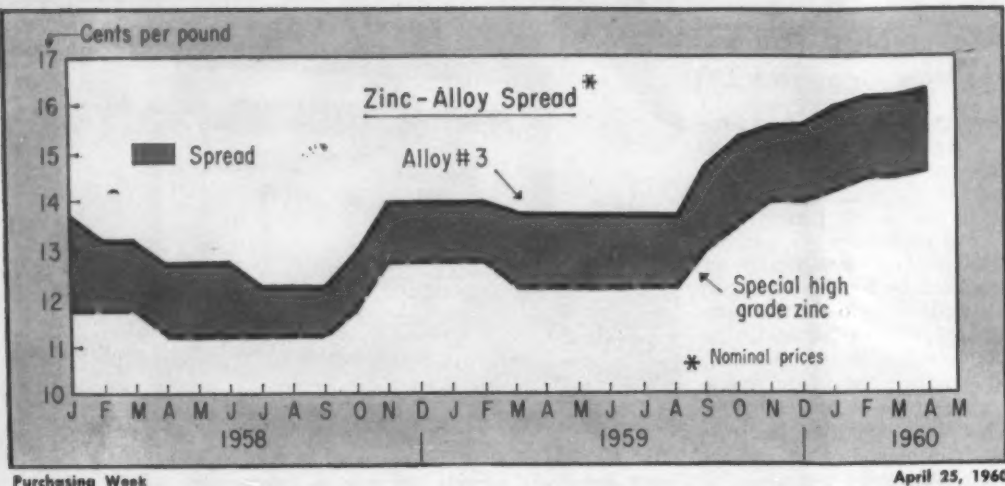
## (3) WILL THE U. S. PRICE HOLD?

The action of these nonintegrated zinc producers isn't calculated to strengthen the market price of Special High Grade Zinc.

For one, it reduces the chance of another price rise in this grade of zinc from the current  $14\frac{3}{4}\phi$  per lb. level. Unless the alloy price is boosted, the nonintegrated producer would never go along with another boost—and history shows that as long as one producer sticks to lower prices, all others will, too.

These producers, however, can do more than just keep prices from going up. They can very well start a trend toward easing in Special High Grade Zinc prices.

Several of the large miner-



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# May Result in Lower Price Tags

smelters of zinc who are dependent on the independent alloyer for sales are even now being approached on selling zinc to independents at a discount.

Based on past experience these zinc suppliers will give in on the price, particularly if the alloy market eases further. But current strength in the zinc market isn't expected to bring about such reductions for a month.

## (4) PRICE INFIGHTING

Evidence of the infighting and discounting in the industry can be seen by the unusual number of price changes recently.

Because Special High Grade Zinc must be used for alloying, much of the price manipulation has involved the juggling of the premium that this grade gets.

Until mid-January the announced premium was  $1\frac{1}{2}$ ¢ a lb. Early in January a U. S. producer jumped the premium to  $1\frac{3}{4}$ ¢. Others followed, but one large seller refused, so the others had to drop back to  $1\frac{1}{2}$ ¢.

However the firm that did not raise the premium increased the base price by  $\frac{1}{2}$ ¢ to 13¢ a lb. As a result, the price for Special High rose to  $14\frac{1}{2}$ ¢ from 14¢. It would have been  $14\frac{1}{4}$ ¢ if the premium only had been upped.

Prices for alloys were also raised. So the net effect was to leave the actual spread for the alloyer at about  $1\frac{3}{4}$ ¢ a lb. He was in no better position than before.

The recent April 1 rise in Special High Grade Zinc was also accompanied by an alloy price boost. So, again, no change in the  $1\frac{3}{4}$ ¢ metal-alloy spread.

On the discounting angle, note from the chart (on page 6) that the metal-alloy spread late last year dwindled to as low as 1¢ per lb. but no alloyer has had to work with such a low cost-price spread.

One alloyer said that he always has been able "to get zinc through discounting at a price low enough to permit a spread of  $1\frac{3}{4}$ ¢."

## (5) GENERAL ZINC OUTLOOK

Any appraisal on how far this discounting and intra-industry feuding will go must also take the current zinc outlook into account.

The zinc industry has been firmer in the last few months than the other nonferrous metals. Most zinc suppliers say that although their business is not so good as they had expected, it is better than their lead business (lead and zinc are usually produced by the same firm).

The disappointment in aluminum and copper and brass is little heard in the zinc industries. This can also be supported by zinc statistics. Shipments of high

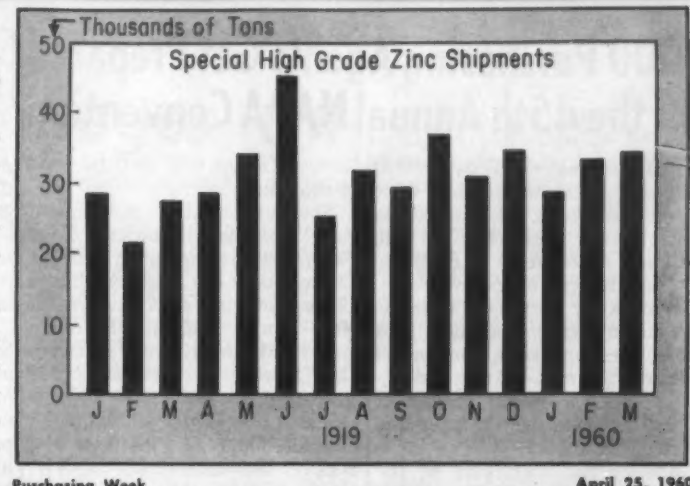
grade zinc have been on a relatively high, steady plateau since last fall (see chart at right).

If business continues strong, some industry observers feel no integrated producer will be quite so eager to wage an all-out battle to eliminate the alloyers. They feel that there will be enough business for all—and integrated producers will be willing to share the market.

But this is still a minority

view. Despite the fact that producer moves to capture the market have not succeeded too well, the majority of observers (and this includes most alloyers) see a continuing struggle.

The big producers have invested too much to throw in the sponge. At best, independent alloyers see good over-all zinc demand giving them only a temporary breather before full scale competition again takes over.



Purchasing Week

April 25, 1960

## MODERN EQUIPMENT PRODUCES

# Quality Aluminum



Inside QSM's new cast house the most advanced equipment and metallurgical techniques have been combined to produce aluminum alloy rolling ingots of exceptional quality.

For productive efficiency two custom-built Swindell-Dressler melting furnaces have been set up with two companion holding furnaces in tandem. Molten metal is transferred directly from melting to holding furnaces after the industry's most modern fluxing has been completed.

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## 3000 Purchasing Agents Get Prepared For the 45th Annual NAPA Convention

**Los Angeles**—Well over 3000 purchasing executives and their guests are getting set to open the 45th annual convention of the National Association of Purchasing Agents here in four weeks.

With many prominent business and industry leaders already lined up as guest speakers, convention planners are now putting the finishing touches on the remainder of the program for the four-day event, May 22-25.

Among the highlights of the 1960 convention will be a series of "After-Breakfast Workshops," which will give all delegates a chance to participate in discussions of the various ramifications of the over-all convention theme—"Improving Purchasing Performance."

P.A.'s attending some of these panel-type discussion groups will hear such speakers as C. Warner McVicar, director of purchasing and traffic, Rockwell Mfg. Co., and E. F. Andrews, director of purchases at Allegheny Ludlum Steel Corp. McVicar and Andrews will handle the topic of "Purchasing Manuals" in their workshop.

Other workshops will deal with "Reports to Management," "Quality Control," "Lease vs. Purchase of Equipment," and "Evaluating Purchasing Performance." Three special workshops will deal with "Selecting Purchasing Personnel," training new buyers, and teaching purchasing classes.

P.A.'s from smaller firms will also get a chance to discuss their particular problems at two workshops on small orders, and "Inventory Control for Small Companies."

In addition to the 15 workshops, plans for the 1960 "Inform-A-Show" are also coming to a head. Some 50 major industrial organizations have already booked exhibition space.

The "Inform-A-Show" will give convention-goers an opportunity to view the latest developments in the technical and industrial world.

Another highlight of the meeting will be the various NAPA Buyer Group sessions, which will include representatives from the chemical, food, electrical, and office equipment industries.

Individual buyer group meetings will be held on Tuesday afternoon, May 24. A special meeting of the Governmental, Educational, and Institutional

## Wisconsin Assn. Weighs Advantages, Drawbacks Of Cooperative Buying

**Madison, Wis.**—The advantages and disadvantages of cooperative purchasing between the state and local governmental units were discussed at the recent Wisconsin Assn. of Public Purchasers spring meeting here.

Herbert J. Schmidge, director of the bureau of purchasing for Wisconsin, was the principal guest. Joseph W. Nicholson, former purchasing agent for Milwaukee and past president of the National Institute of Governmental Purchasing, was a guest.

The group announced it will hold its summer meeting in Wauwatosa in June.

Buyers Group will also be held at that time.

Speakers at the government P.A. meeting will include Fred Calin, purchasing agent for the County of Los Angeles; James Clark McGuire, director, Port of New York Authority Purchase and Administrative Services Dept.; George R. Bosworth, purchasing agent for the City of New Orleans; and G. Lloyd Nunnally, director, Dept. of Purchases and Supply, Commonwealth of Virginia.

## P.A.'s Goal: The Best Cost-Cutting Purchase

**Detroit**—Getting the lowest price is not necessarily the P.A.'s main objective but getting the greatest cost reducing item is, a top purchasing executive told Detroit Purchasing Agent Assn. members and guests at a meeting here.

Speaking at the group's recent meeting, E. F. Andrews, director of purchases at Allegheny-Ludlum Steel Corp., Pittsburgh, said money spent by purchasing is part of a company's total investment. Thus, value analysis of goods purchased may be more

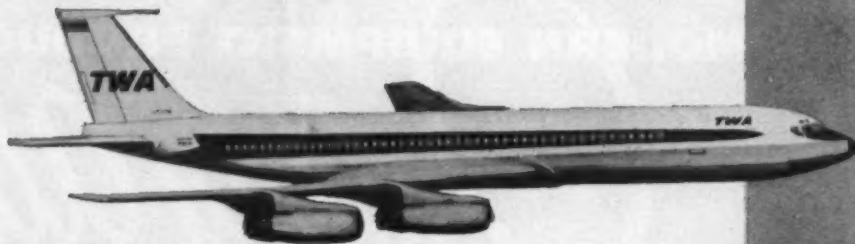
important than price, and purchasing agents should think in terms of value analysis rather than cost alone.

In view of competition from abroad, he said, American industry must reduce costs to compete. The way to cut costs in industry is through men, machines and/or material, Andrews explained.

Wages cannot be expected to go down, and many applications of automated machinery are being held up for a variety of reasons. So this leaves selection of

materials as the sole area in which P.A.'s can contribute to lowering costs.

A former Butler University professor, Andrews scoffed at modern political theorists who claim that a "little" inflation is a good thing, and said that his own industry—steel—had performed an important service when it reduced the wage spiral from 8% per year to 3½% per year, during the recent steel contract negotiations. "We didn't win it," he said, "but we didn't lose it, either."



# TWA slashes international Air Cargo rates up to 71%!

**TWA'S NEW REDUCED RATES**, now as much as 71% lower than before, cover 17 different commodity groups from automobiles to zithers—on shipments of 100 pounds or over.

**YOU SAVE ON ALL SHIPMENTS** of 1,100 lbs. or over. TWA has reduced general rates 35% in addition to lower costs on specific items.

**AIR CARGO IS THE THRIFTIEST** way to move a great variety of products. TWA's new reduced rates are often much less than the total costs of shipping by land and sea.

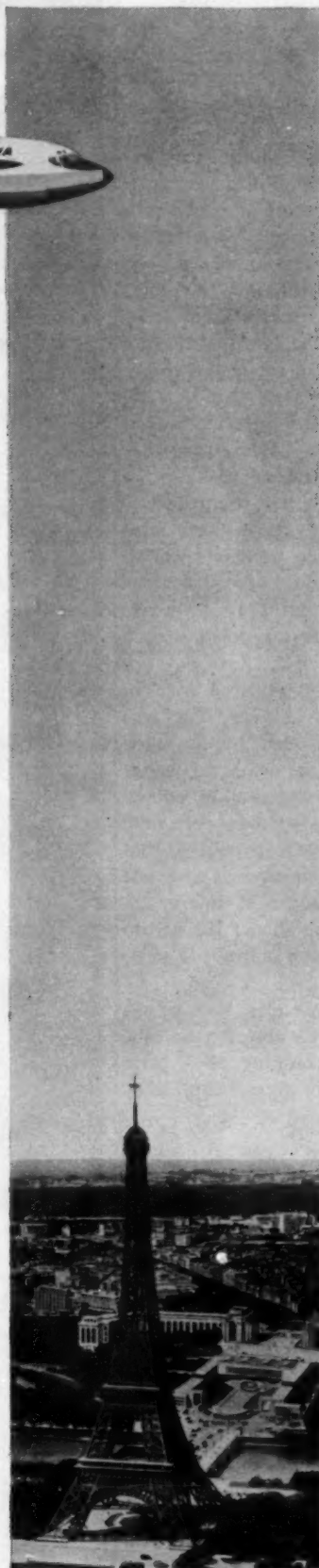
**WITH GIANT TWA SUPERJETS** and its all-cargo TWA Sky Merchant Fleet, TWA can speed your shipments overseas the fastest way!

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# Centralized Procurement Battle Rages On

(Continued from page 1)

if the purchase of electronic items were consolidated in one agency.

Some officials go even further. They believe a "single supply manager" should be set up with supply management powers beyond procurement—to include such activities as determining requirements, controlling inventories, and distributing supplies to operational military units.

Then there's the brewing opposition—and defense contractors, for the most part, are supporting officials who oppose this trend. The reason is a simple one:

Contractors see in unified buying a threat to the volume of military sales. They fear that lumping vast amounts of purchase orders into smaller numbers of orders will leave many long-time suppliers out in left field.

Two new developments, PURCHASING WEEK learned this week, are bringing the issue to a head:

• The Defense Dept.'s Armed Forces Supply Support Center, an inter-service logistics agency, started an extensive study in February into all aspects of electronic supply.

As of now, the agency denies that it has any preconception to recommend unification of procurement. But its intent is made obvious by this comment from an official working on the project:

"We want to determine if there can be any management improvements (in the field of electronic procurement and supply management) to secure optimum integration in the Defense Dept." Besides, one of the agency's chief functions is to encourage consolidation of military supply functions.

The agency's study takes in electronic end-item equipment, components, spares, and replacement parts. The agency is surveying all the major electronic "inventory control points" totting up who buys what where and in what quantities. Officials hope to complete the study and make recommendations to the Secy. of Defense by the end of the year.

• The General Accounting Office has made a review of procurement and inventory management for widely used types of radar and radio equipment.

GAO's study, which is now making the Pentagon rounds for service reactions, points up numerous blunders in which services had equipment in inventory that no one knew about and cases where one service was buying or overhauling equipment another service was selling as surplus.

GAO's conclusion: There should be a single manager to control all facets of supply management for certain types of commonly used radio and radar equipment.

The drive for unified military buying has been going on for some time. Single supply managers have already been set up for clothing (the Army), medical supplies (the Navy), petroleum (the Navy), and subsistence (the Army).

They manage total inventories valued at more than \$2-billion. For the most part, they handle all aspects of supply—from buy-

ing to warehousing to distribution.

In addition, there are single buyers for well over 50 other commonly used commodities. Most recently, for instance, the Air Force's Gentile AFB, Ohio, was authorized to handle all military buying for electronic tubes, the Navy stores office in Philadelphia for industrial supplies; the Army Quartermaster for general "housekeeping" supplies.

The Armed Forces Supply Support Center has just completed an investigation of con-

struction and automotive supplies and has also recommended consolidation of buying for several types of equipment.

A Defense Dept. decision is now pending on the assignment of the consolidated construction automotive buying chore to one agency.

There is considerable opposition within the Pentagon—notably in the Navy to the establishment of single managers or single buyers. Much of this stems from the natural reaction of bureaucrats against any im-

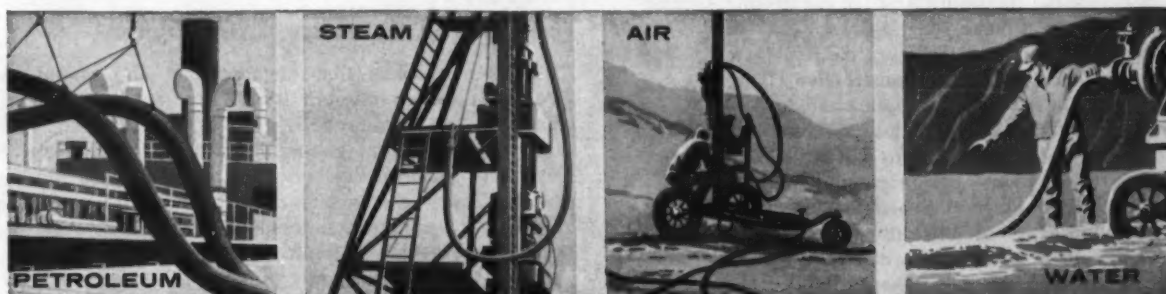
position from outside on their activities.

But there is a more serious argument against consolidated supply management: That requirements differ so much from service to service for certain kinds of material that it would be impractical to have a central agency doing all the buying.

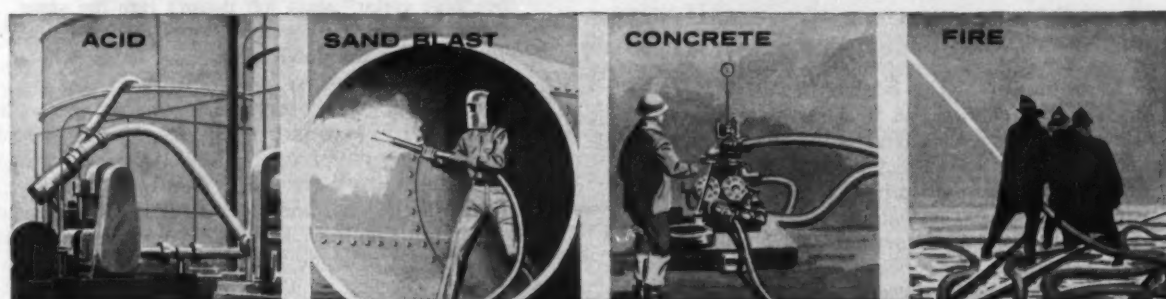
For instance, a Navy fighter plane and an Air Force fighter plane have such different environmental requirements that design specifications for similar apparatus differ substantially.

A piece of electronics for a carrier-based plane has to withstand the vibrations of landing aboard a ship, has to be a more substantial item because it is maintained at sea under more limited repair facilities than are available at a fixed land base. The Air Force equipment stresses minimum weight and size and reflects less need for maintainability.

All this, say the Navy opponents to consolidated buying, would lead to operational headaches if an agency unresponsive or less sensitive to the Navy's peculiar requirements were to be entrusted with buying Navy equipment.



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## P/W MANAGEMENT MEMOS

A collection of timely tips, quotations, and inside slants on management and industrial developments, along with a run-down of events and trends of use to the purchasing agent.

### A Welcome Boost Up the Ladder

Don't worry about good men below you on the executive ladder. Rather than feeling insecure, the P.A. in this spot should welcome personal competition as a challenge instead of fearing it. That's the view of Duncan Gregg, Purchasing Director of Kaiser Aluminum & Chemical Corp., Oakland, Calif., talking before the Baltimore Assn. of Purchasing Agents.

"These men can make your job easier and push you up at the same time. They are the real answer to how well new ideas and constructive changes can be added to the solid foundations of the past." However, the Kaiser executive added that effective use of able subordinates required skillful human relations. "Everything you accomplish is done with or through or by other people."

Along with better social skills, P.A.'s will have to broaden their familiarity with other management tools. Gregg also recommends that purchasing develop company, industry, and national standards for as many purchased items as possible.

### The Cost of Possession

That's the title of an informative booklet that explains the cost of keeping a steel inventory. The Steel Service Center Institute, 540 Terminal Tower, Cleveland, will be glad to send you a copy. SSCI cautions P.A.'s that the cost of possessing (and using) steel is the purchase price plus cost of keeping it in inventory. Of course their idea is that you should let a steel warehouse assume your steel inventory—and buy from them when you need steel, rather than stock it yourself.

The analysis the booklet presents will help you determine if this is the case in your plant. And, the ideas are applicable to many other types of inventory, too. There's a cost analysis work sheet, (plus some typical figures that you can use for your own estimates) included.

Many P.A.'s will be disturbed by the case histories that SSCI presents. It's the idea that higher-cost steel bought through a warehouse will in the end produce a larger profit.

Sounds screwy? Not if you consider that big inventories, though bought at low prices, tie up the firm's working capital—dollars, which might make a bigger return elsewhere in the business. The purchasing man who starts using maximum return on investment for his buying guides, instead of cost alone, will find the door to the corner office and top management opening to him.

### The Coming Shortage of Craftsmen

Here's a problem that metalworking and manufacturing P.A.'s should keep in mind. It's the fact that the skilled craftsman—the tool maker, the die sinker, the top-grade machinist, the model maker—is the new vanishing American. Some sections of metalworking are already feeling the shortage—by slower delivery schedules on custom work and higher prices.

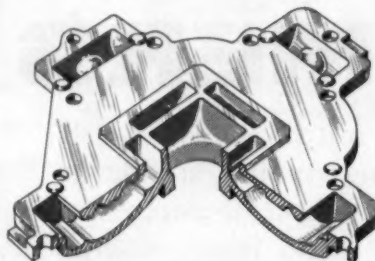
According to a survey by McGraw-Hill's American Machinist/Metalworking Manufacturing, industry is training only 60% as many apprentices as needed to replace the journeymen who will die or retire during the next five years. One aspect of the problem is that young men with a high craft potential now go on to engineering schools. And the "blue collar" shop job doesn't rate the same status as new "grey collar" jobs—for instance, electronics or computer technicians, or as "white collar" office workers.

Solution? There doesn't seem to be an easy one at hand. But one P.A. told PURCHASING WEEK how his firm solved the problem: upgrading promising semiskilled workers who have been with the company a few years. They're more likely to be satisfied with their jobs, and interested in advancement so they can support families. The local vocational high school helps by lending a machine tool instructor one day a week. Now the firm has men in its shop who can do tricky work that formerly had to be sent to outside vendors.

### Short Pointer

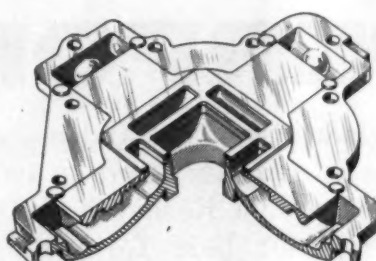
If you want to dominate a committee meeting, make sure that you get a seat more or less in the middle of things. This way you can direct your remarks to both ends of the group at the same time. If you're too far to one end or the other, your chances of making your points are not so good.

## WHAT VALUE ANALYSIS CAN DO FOR YOU



Before: Single sand mold casting

**BEFORE ANALYSIS:** Pump part was cast in one piece by sand mold process. Rejection rate ran as high as 25%.



After: 3 die castings are adhesive-bonded

**AFTER ANALYSIS:** Adhesive-bonding of three separate die castings cut rejection rate to almost nothing.

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### TECHNIQUE:

Change production technique to eliminate rejections.

**SAVINGS:**  
**\$750 per**  
**1000 parts.**

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## What requirements must a supplier meet to qualify for your approved-vendor list?



**C. A. Glassman, director of purchases and material control, Acme Industries, Inc.** (air conditioning and refrigeration equipment), Jackson, Mich.:

"The nature of the product or commodity governs to some extent the requirements. The more complex the product, the more rigid are our standards. Basically we demand reliability of product and delivery and, of course, a competitive price. In an engineered or comparatively complex manufactured product, we are interested in a company with a history of successful experience based on engineering and technical know how, the latest manufacturing techniques, and

an-all-encompassing quantity control program. Other factors we examine closely are satisfactory sales representation, ability to lend technical assistance, flexibility in meeting quick delivery schedules, proximity to our plant, and prompt handling of complaints. We insist all suppliers have a satisfactory credit rating and a sound labor relations policy."



**J. E. Borchert, director of procurement, A. O. Smith Corp.** (liquid meters, etc.), Milwaukee:

"In order to qualify, a vendor must be:  
(1) Technically competent.  
(2) Adequate organizationally to assure reliable deliveries.  
(3) Properly equipped.  
(4) Financially stable.  
(5) Competitive.  
(6) Technologically alert.



**W. E. Hunter, vice president, Purchasing Div., Curtiss Candy Co., Chicago:**

"We must be certain a supplier's production facilities and proficiency are satisfactory. In almost all instances on major items we accomplish this through personal visits by purchasing personnel. Other factors we check include financial soundness, organizational structure, and reliability. A vendor must have sufficient flexibility and cooperation to meet unexpected changes or emergencies in supply schedules. Vendor location, too, is a consideration because of transportation costs. Rapid service and delivery and probable effect of extreme weather conditions on

these factors are also weighed. There are, too, certain miscellaneous criteria: technical and research facilities, engineering and repair services, and a firm's reputation in the industry."



**G. E. Marshall, purchasing agent for New Britain, Landers, Frary & Clark** (electric heating apparatus, etc.), New Britain, Conn.:

"There are several things. First a supplier must have a facilities list. I also want to be positive of his ability to produce on time. Satisfactory credit rating is another must. Price and quality of workmanship are, of course, important factors. I also ask for the names of three previous customers for whom he has performed work."



**F. W. Sherrerd, purchasing agent, Esterbrook Pen Co., Camden, N. J.:**

"There are five points we look for: (1) reliability and financial stability; (2) continuous supply under all conditions; (3) accessibility of seller; (4) low prices; and (5) quick and reliable delivery. Particular features to be checked at a prospective supplier's plant are: modernity and efficiency of equipment; facilities for technical control and importance paid to such control; caliber of supervision; good housekeeping and management; and proper handling of raw materials."

### Next Week—May 2

Six purchasing men answer this question:

**When changing vendors, should the P.A. contact his present supplier and explain the reason for the change?**

You can suggest a question to be answered in this department by writing:

**PURCHASING WEEK Asks . . .**  
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## Follow Up: Letters and Comments

### Wrap-Around Boxes

Chicago, Ill.

In your March 28 issue there is an article on "Wrap-Around Boxes," page 30, which is of interest ("Triple-Wall Corrugated Wrap Speeds, Simplifies Unusual Packaging Jobs").

This is a product of Tri-Wall Containers, Inc., and since there is no address shown, we are writing you.

Our interest in the product has to do with export packaging. We now are using a wirebound wooden crate.

M. A. Foran

General Purchasing Agent  
Chromium Mining & Smelting Corp.

• The company's address is: 799 Washington St., New York, N. Y.

### Purchasing's Responsibility

New York, N. Y.

May I congratulate you on your article

on inventory control policies describing the Rutgers University/North Jersey Association program at New Brunswick (PW, April 4, '60, "Who Should Set Up Inventory Policies? And What About Special Deals? These Purchasers Learn the Answers," p. 20).

I would like, however, to clear up an apparent misunderstanding in which you quoted me as discussing the "Economic Order Price." What I actually said was that there is a difference between Economic Order Quantity and Economic Purchase Quantity in which the former is often the responsibility of production, whereas the economic quantity to be purchased is always the responsibility of purchasing.

D. V. Smith

Consultant, Purchasing Training and Education  
Purchasing Service  
General Electric Co.

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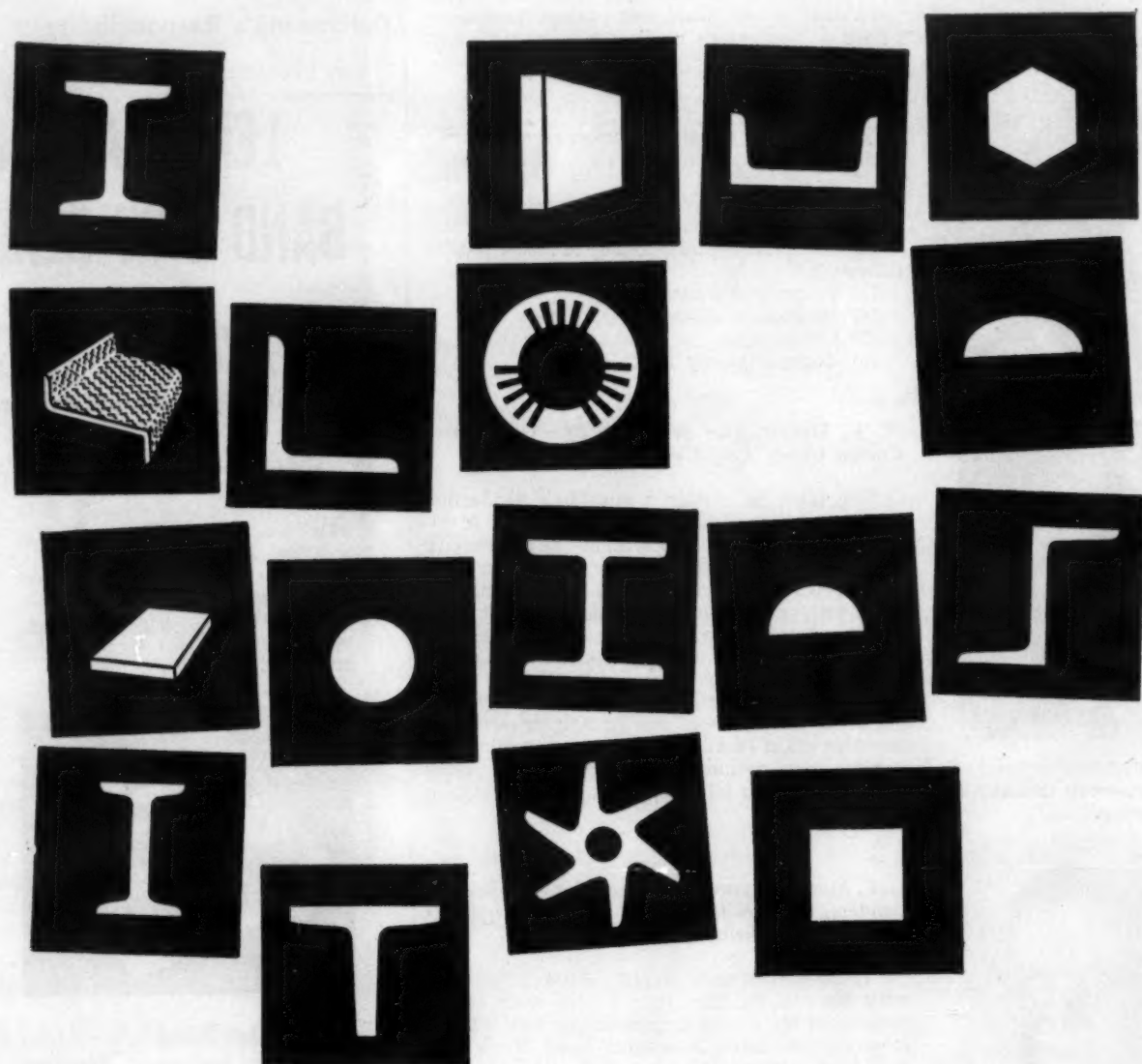
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## Galvanized 'Certified' Label Now Appears on Some Sheet Products

"Either way," he continued, "it provides assurance to buyers—those in distribution channels as well as consumers—that they are getting fair quality in the ware they purchase from council members."



April 25, 1960



# Timing Is Key Factor in Carrier Rate Change

New York—Industrial purchasing executives are wondering precisely where they would stand if the new federal transportation policy proposals—clearly designed to ease rate-making, broaden user charges, and loosen restrictions on route and commodity permits—are enacted into law.

The Commerce Department capped a year-long study of the nation's transportation system last month (P.W. March 21 p. 33) by submitting 78 recommended changes in rate-making and other policy procedures. The report immediately touched off a furor among shippers and carriers because it struck at several sore

the interests of all modes of transport is a point at issue. "Cost is a major determining standard," Williams told PW, "in the rate making proposals. They are designed to accelerate an already existing tendency in the transportation industry to apply cost standards as a measure of rates."

A key proposal, involving a long-term cost standard, would amend the National Transportation Policy to include under "unfair and destructive competitive practices" only those rates below the long-run marginal costs of the carrier making the rates.

Truckers look on the proposal as an

made and to get away from suspension on a more or less frivolous showing of unlawfulness.

Both truckers and water carriers are opposed to relaxing the current rate suspension process when rates are in dispute. And they oppose even more strongly the proposal that "the interim program would call for the ICC to require the carrier proposing the rate to have a justification in the matter of costs, and for protesting parties to have a real and factual basis for protest on the grounds of destructive competition . . . or unjust discrimination."

"This places the burden of proof on the protester," said one trucking official, "who doesn't have the full information needed relating to his competitor's costs." Railroad officials agree that the proposal for eventual elimination of the suspension process would be dangerous.

PURCHASING WEEK asked Williams if easing rate-making restrictions could open

the way to agreed charges, whereby a carrier offers reduced bulk rates for the major portion of a shipper's business over a certain period.

He said it did not seem likely that this would happen, inasmuch as the ICC yardstick that would have to be maintained would not change. Under this yardstick, he pointed out, agreed charges could not be imposed if they were so low as to burden other traffic that doesn't move under the same conditions.

## USER CHARGES

The proposal that drew the most fire from water carriers and industries that ship via inland waterways is the one that recommends that "the Federal Government should continue user charge systems where they exist, and should establish such systems where none now exists."

This would put a user tax on inland waterway transportation for the first time (Turn to page 14)

## HERE'S WHAT HAPPENED TO A PRIOR PROPOSAL

Historically, proposed remedies for transportation ills have had tough sledding. In 1955, a Cabinet Committee report on transportation prepared by the then Secretary of Commerce Sinclair Weeks suggested even more drastic cures than the present Commerce Department proposals. Only a few of them ever got into legislative form:

(1) **Common and contract carriers** were redefined in the 1957 amendment to the Transportation Act along the lines that Weeks set down.

(2) **Train and service abandonment** regulations enacted in 1958 went even further than Weeks proposed.

(3) **A rate making amendment** in 1958, providing that rates of one carrier cannot be held up to protect the rates of another, stemmed from the Weeks report.

Industry observers see a similar "bits and pieces" progress toward legislation for the current proposals.

spots already aggravating the rail, truck, water, and air carrier industries.

While legislation won't be enacted this year, and possibly not even next, traffic people are already asking such questions as:

• Would the large or small shipper benefit primarily?

• Would added costs be the end result of less Federal economic regulation?

• Would rate stability be threatened?

To clarify the report and its implications for shippers and carriers, PURCHASING WEEK talked to Columbia University Professor of Transportation, Ernest W. Williams, Jr., who directed the Commerce Dept. staff making the study. Here are some of Williams' views—along with industry comments—on the more controversial points raised by the study.

## RATE MAKING

Easing of Federal restrictions on carrier rates is at the core of the rate making proposals. But whether this would serve

open invitation to "pick off small, specialized carriers by merely reducing rates on small items," as one motor carrier official told PW. If the ICC is going to base its findings on costs, truckers feel, all the railroads have to do is say it's to their advantage "in the long run."

Williams defended the "long-run" standard in terms of an operating benefit to the carrier. "Pricing on short term grounds only," he said, "is likely to put the shipper in the position of underpricing his service, because existing plant facilities won't absorb the increase in traffic. Added costs aren't necessarily low merely because the existing capacity is there."

A particularly hot item in the rate-making recommendations concerns proposals for amending rate suspension provisions "to require a substantial showing, not just statements, as grounds for suspension." The intent here, said Williams, is to restrict suspension to cases where a showing of positive unlawfulness can be



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Four-year-old Thermoid-Quaker Petrochem fire hose works under 125 lbs. pressure near Potlatch Forests' caustic operation. Exposure conditions in this area ruined ordinary fire hose in only three months.

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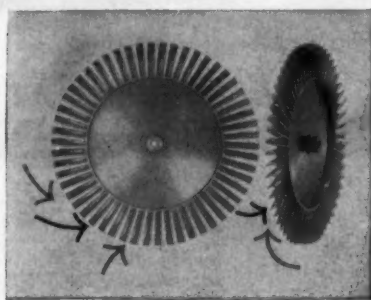
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## Purchase for Profit!

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# Transportation Rate Change Would Be Phased

(Continued from page 13)  
in history, a move designed, according to Williams, "to place upon the carrier a financial burden that now falls on the general taxpayer."

That it would raise shipping rates is unquestionable in the case of water transportation, he said, though this is not a certainty for highway transport, which would also be affected by the recommendation.

Timing, says Williams, is the key factor in making the proposal work if legislation can be obtained. "There would be a tremendous shock effect if you tried to put full charges on immediately. Even token charges might not take effect for a full year or more after legislation is obtained, and full charges might take several years to be arrived at."

Williams admits that the report does not take a clear-cut position on what "full charges" would be. He pointed out that several elements have to be considered before charges can be worked out. Three are routine considerations: annual operating

reduction in competition which might result."

Putting it flatly, truckers claim this wording would allow railroads to get into the trucking business. They assert it could increase the number of unrestricted public convenience certificates under which some railroads already are allowed to operate trucks.

Commenting on this proposal, Williams told PW that it does "provide a vehicle through which coordinated service of greater efficiency could be put together,"

adding, "though there is no magic in common ownership per se."

"It is far from clear," he said, "whether the shipper would benefit from common ownership. This would depend on what the ownership proposal is and how it would be made to work."

"We should not have a complete black and white prohibition status on common ownership," he said, "but look at whether there is public benefit in it. Whether this will stimulate a large number of proposals, I do not know, but certainly the re-

port does not extend an open invitation to common ownership."

## CERTIFICATE RESTRICTIONS

A "time-phased" program to eliminate certificate restrictions also drew some heavy fire from the trucking industry. Easing of route and commodity restrictions, along with type of service to be provided, are key proposals here—with "periods of time between successive steps in which the industry can adjust."

"There's no easing into it," truckers claim. "Once you take

a step, you take a drastic step to which the industry cannot adjust without chaos."

But Williams points out advantages to shippers in the easing of these restrictions. "If the authorities of carriers were broader in scope," he said, "it would not be so troublesome to route cargo. A shipper might employ a single carrier for a wider range of services, fewer carriers for greater coverage."

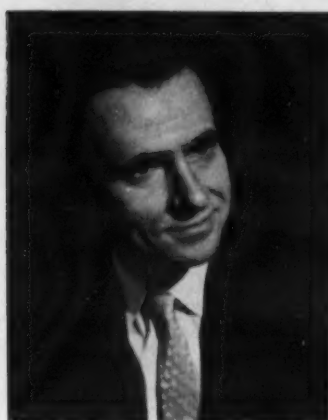
"Principal merit would be simplicity in dealing with a number of carriers. Broadening the authorities of carriers would provide long range, more efficient service—and therefore lower cost."

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PROF. ERNEST W. WILLIAMS, JR.

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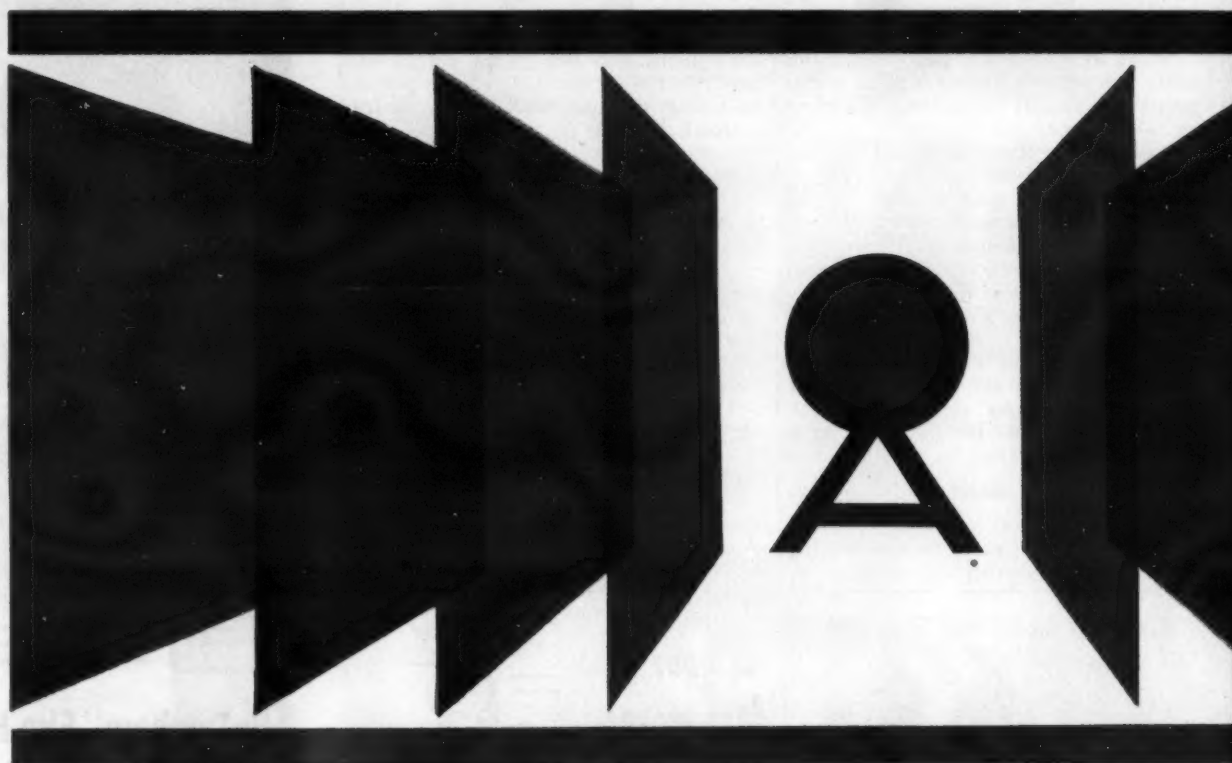
Another aspect is controversial enough to constitute a stumbling block in itself; whether the charge for interest on investment should be at the commercial rate or the government rate.


There is ample support for Williams' view that user charge schemes take time. A proposal for the Federal Airways System, for example, has been under discussion since 1946; and so far no charges have been put into effect.

The chief user of inland waterways—the oil industry—has been loudest in its opposition to the proposal, claiming that imposition of the tax would destroy oil traffic, which accounts for a large portion of domestic waterway tonnage. Other industries that would be affected by the user charge are chemicals, grain, and coal. Short-haul movements of timber, sand and gravel also depend heavily on inland waterways, along with a broad range of general traffic.

## COMMON OWNERSHIP

Hue and cry from the truckers went up over the proposal to "retain present restrictions on rail-truck mergers or acquisitions, unless increased efficiency and public advantage can be demonstrated to outweigh the possible



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# Reynolds to Build Lightweight Barges

**Richmond, Va.**—Reynolds Metals Co. announced plans to construct "the world's two largest aluminum barges" for transportation of sensitive liquid chemicals.

The announcement was made at the recent signing of an agreement between Reynolds and National Marine Service, a leading inland water carrier.

Under the agreement, the aluminum company will build, then lease the 12,500-bbl. capacity barges to National, which will use them on the Mississippi-

Ohio River system for shipments from Texas ports to Chicago and other points in the Midwest.

The barges will be 130-ft. long and 50-ft. wide. Cargo tank capacity will be 1,600 short tons, 20% more than similar sized steel barges.

"The ship hull will be the biggest ever built," declared William G. Reynolds, executive vice president in charge of research for the big aluminum company. "It will use a special doubleskin construction made from highly corrosion resistant

aluminum alloys which have been especially developed for this use."

Reynolds said the rust-free characteristics of aluminum will permit handling of products not previously carried and minimize risk of contaminating such sensitive cargoes as alcohols, detergents, and jet aviation fuels.

In addition, Reynolds pointed out, alternate chemicals may be carried on the new barges because of the ease with which the tanks may be washed between loads.

# Growing Concern Over Foreign Imports Dominates Talk at World Trade Parley

**Cleveland**—Foreign-made imports—a growing sore point among domestic manufacturers—dominated corridor talk at the 15th annual World Trade Conference at the Hotel Carter here last week. It clearly indicated that most U.S. manufacturers regard this as the No. 1 international trade headache.

One manufacturer, Stefan J. Rundt, president of S. J. Rundt & Associates, New York, flatly charged during a conference dis-

cussion period that one large American manufacturer was importing transistor radios from Japan.

The increasing foreign vs domestic "schizophrenia" among U.S. manufacturers was highlighted by a number of corridor viewpoints. For example:

• "With foreign markets for manufactured goods growing at faster rates than the domestic market," went one comment, "and foreign plants able to produce the same goods for 60% to 70% less than domestic plants in many cases, does the U.S. manufacturer sit tight in this country or expand overseas?"

• A manufacturer with several plants overseas and only one in this country said, "Sure, we could import our product and gain a bigger share of the U.S. market, but we're afraid to. Why? Because the only group that would know about it—our labor unions—would fight it, hard. So we're not importing yet."

• Tax problems as a contributing factor to the foreign vs domestic dilemma are leading some firms to move their international operations entirely outside the U.S. "This is a game of international checkers," said one manufacturer, "merely to stay a jump ahead of the Treasury Department. A sensible revision of tax laws would encourage the flow of international profits back to this country."

That 1960 is a critical year for this problem can be seen from the fact that in the first half of the '50s, U.S. had a favorable balance of trade in manufactured goods. Last year the balance was about equal, but imports were on the rise.

One bright spot in the trade picture was the first-year operating report on the St. Lawrence Seaway. Willis H. Crosswhite, traffic services officer of the St. Lawrence Seaway development corp., told the conference that the balance of traffic over the Seaway was 2.5 tons of U.S. goods for every ton imported. (This ratio does not include U.S.-Canada trade.)

A total of 20,579,461 net tons of cargo moved on the Montreal to Lake Ontario section of the Seaway, Crosswhite reported. "This is below, but not drastically under, the 25-million net tons that were predicted for the first season," he pointed out.

Crosswhite cited a general decline in world trade as one of the factors hampering seaway operations in 1959. Other setbacks: bad weather, which shortened the normal seaway shipping season by about four weeks; a retarded digging schedule, which postponed use of the full 27-ft. of seaway depth until last June; and, the steel strike.

## Philadelphia Buys Falcons

**Philadelphia**—The City of Philadelphia has purchased 134 Ford Falcons, 100 of which have been placed with the Police Department for 24-hour prowl-car duty.

The city paid \$1,807 for each of the compact prowl cars, which were specially equipped for police use. The 34 standard models cost \$1,675 each.

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**CLEVELAND 5**  
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Steel Supply Co.  
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TULip 4-0305

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CHapel 7-3104

**HOUSTON 20**  
McCormick Steel Co.  
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# Growing Reliability Results In

Flint, Mich.—Ten years ago, there wasn't even an inkling of the rapid strides product reliability would make in the succeeding decade. But throughout industry there has been very rapid progress in reliability.

At AC Spark Plug Div. of General Motors in Milwaukee, for example, the increased emphasis on reliability recently resulted in the establishment of a new group of three plant executives whose job is to insure product reliability.

Elsewhere in the AC opera-

tion, there's equivalent interest in reliability. At AC's Flint, Mich. plant, for example, the director of reliability works closely with purchasing, engineering, and manufacturing to make certain that space-age products do what they're supposed to do.

At Standard Pressed Steel Co., at General Electric, and at plants all over the country, reliability requirements are getting higher and more sophisticated than ever.

As one P.A. puts it, "Reliability is the extension of quality control techniques into the performance of parts, products, and sub-assemblies the P.A. buys."

The most striking example of what has happened to industrial standards of reliability is provided by the chart on page 17 that lists what degree of reliability you need to attain in order to maintain successful operation of a product or machine with 10, 100, 1,000—or more—critical parts.

General Motors' AC-Milwaukee Div., builders of "Achiever" inertial guidance systems for Thor and Titan missiles, spent 10 years in cooperation with associate contractors and the Air Force in developing a workable technique for predicting systems reliability.

The technique, developed at taxpayer expense, was too good to keep from private industry. Since June 1959, 17 out of GM's 33 domestic producing divisions have appointed directors of reliability and staffed the office. This does not mean that GM cars have lacked reliability; it is simply a method of formalizing and correlating the heretofore separate functions of engineering, quality control and purchasing.

The way it works at AC's main plant in Flint is typical.

Lloyd M. Steward, with long experience in both engineering and sales, was appointed director of reliability. This is a staff function and Steward reports directly to AC General Manager Joseph A. Anderson. Steward has a staff of 15 people, but at any time he can reach out anywhere in AC and temporarily pluck a needed expert.

Though not reporting to Steward, Purchasing, under Joseph Decker, sits in on reliability problems whenever a vendor is involved. Engineering contributes the important function of determining the reliability objective, and the final member of the team, quality control, reports directly to Steward.

The program has already resulted in a considerable upgrading of specifications and therefore adds to the workload in purchasing to keep costs in line. "Sometimes it's like putting a Tiffany jewel in a Kresge setting," a buyer will say, but Steward counters with: "A penny saved that costs us \$10 in warranty is a false economy."

Concentration on reliability has pinpointed purchasing's role of interpreting prints for the vendor, and, as a result, clarifies the language used and tolerances required. Decker agrees that unless this is done, AC is as responsible as the vendor for a bad part.

The problem came up recently when a batch of parts was sent back to a supplier for not being flat. The print was checked and it merely said that they must be flat. Obviously it was a matter of how flat is flat, so the language was clarified with mathematical definition.

All suppliers were alerted by



AC RELIABILITY STUDY: L. M. Steward, left, with manufacturing manager, automotive engineer, and Purchasing Director Joseph K. Decker.

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# New Management Tools

personal contact that blue-prints must be met completely, but not at the expense of practical, economic reality. There were some instances in the past where enforcement of tolerances was slack because it was known that small deviations did no harm in practice. These prints are now being downgraded accordingly—an action that keeps costs in line without endangering the philosophy of the program.

As AC's biggest customer is GM itself, Steward's office is affected by reliability programs springing up in other divisions of the company. In these early stages they can be a little irrational; for example, if one piece is bad, the whole batch is returned. But it is not always AC's fault. An example of the systems concept of reliability being applied is the case of one automotive customer who changed thousands of gages for being off calibration.

An AC reliability team sent to the scene found that faulty gas tank vents (not an AC product) were causing the tanks to sag, causing the gage to give a false reading.

Another customer had the same complaint until it was found that he was testing the gages with a 12-volt battery instead of at the 14½ volts called for in the specifications.

Steward is convinced that teamwork can prevent these problems. An AC reliability man is now stationed at key supplier plants during model changeover. Other men go into the plants of customers at changeover time. They guard against such diverse situations as speedometers malfunctioning due to a kink caused by cramped installation, to spark plug failures caused by overly ambitious use of a power wrench. It all fits into the systems concept of reliability.

INDIVIDUAL COMPONENT RELIABILITY		PRODUCT RELIABILITY IN PERCENT			
		99.998%	99.99%	99.9%	99.8%
NUMBER OF COMPONENTS	10	99.997	99.9	99.0	90.44
	100	99.91	99.1	90.47	36.60
	250	99.77	97.45	77.85	8.105
	500	99.64	95.17	60.60	APPROX. 1%
	1,000	99.08	90.57	36.73	LESS THAN 1%
	10,000	91.20	37.15	LESS THAN 1%	LESS THAN 1%
	100,000	39.81	LESS THAN 1%	LESS THAN 1%	LESS THAN 1%

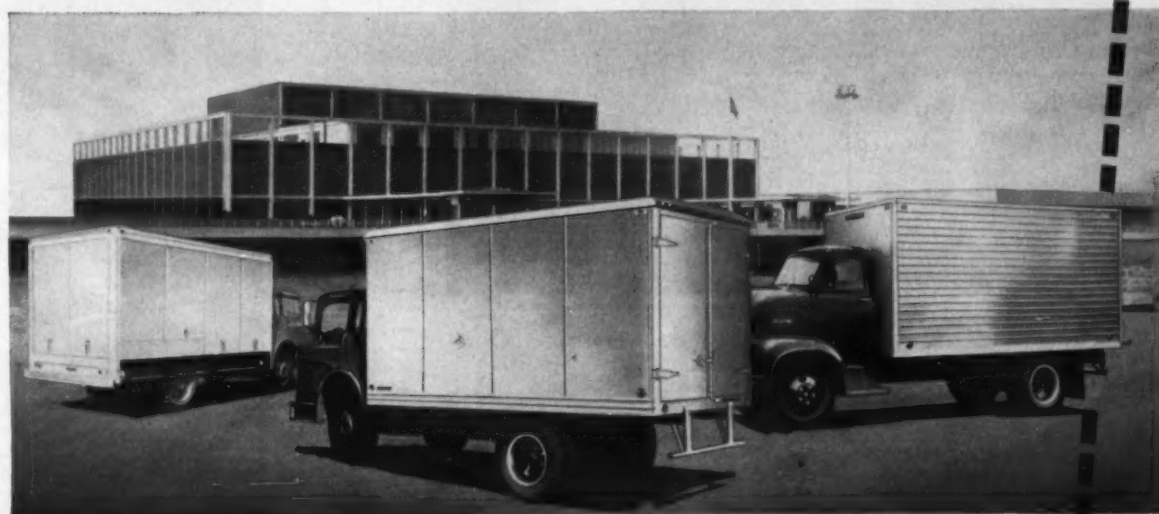
Table courtesy of Standard Pressed Steel

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MINIATURE LIGHTING SPECIALISTS



At The AMA Packaging Show:

# Everything



**PLASTIC FILM** with improved properties is taking on new phane remains leader, polyethylene a challenger, polypropylene



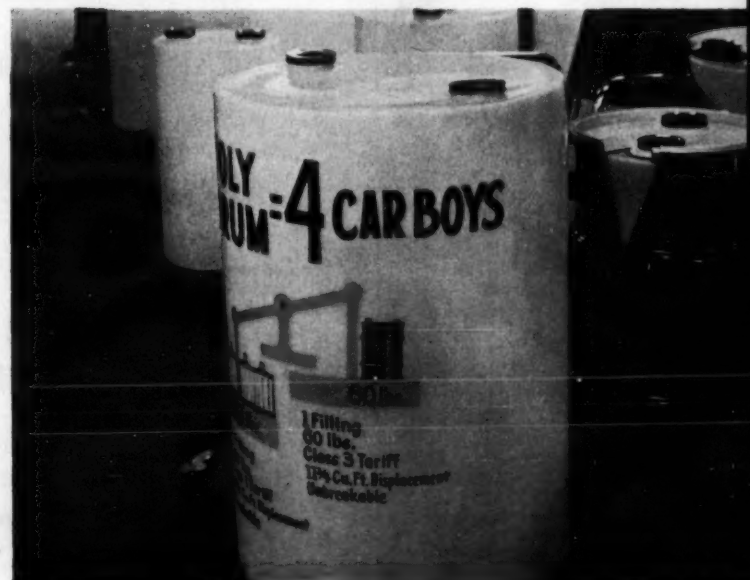
**PLASTIC SKIN** is becoming increasingly popular because it lets you see what he's getting. Thin film will cover both product and be

## *Rapid Rise for Plastics*

**M**OST packaging people realize that plastics have come a long way since the first cellophane film was used as an overwrap. But even long-time plastic proponents were a bit surprised by the amount of space devoted to plastics at the American Management Association packaging exhibit at Atlantic City earlier this month. PURCHASING WEEK found plastics designed to replace the wooden crate, take jobs from the corrugated box, substitute for the metal tube, and do a host of things previously claimed by glass containers—and tin cans.

Consumer products have been plastics' stronghold—growth of self-service stores and "impulse buying" has put new stress on the package. The consumer wants to see what he is getting. But now plastics are also heading into the industrial field. Plastic packages are being used for bearings and switches—plastic drums and boxes handle a variety of bulk materials—and plastic combinations are going into tougher, lighter boxes and bags.

Although plastics are currently the star performer on the packaging scene, they are not the only factor. As the Product Perspective on page 23 points out, more traditional materials have also been increasing their volume.



**PLASTIC DRUM** weighs less than metal, needs no maintenance, is non-toxic. Drums are now being used for bulk shipment of industrial



# Has That Plastic Look



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wcomer.



**PLASTIC BOTTLES** blow-molded for de-  
tergents represent major breakthrough.



**PLASTIC TUBES** are replacing metal in many markets. Variety of cos-  
metics and pharmaceuticals as well as lubricants are packed in plastic.



consumer  
g sheet.



**PLASTIC BLISTER** costs more than skin, but quality appearance of rigid  
plastics bubble is making technique popular for "class" jobs of packaging.



**PLASTIC BOX** shipped inside corrugated  
container cuts shipping weight, and breakage.



is non-  
micals.



**PLASTIC FOAM** does a variety of jobs both for delicate instruments and  
complicated packing when large number of complex parts go into one box.



**COMBINATION** of cardboard, plastic ma-  
terials performs old jobs more effectively.



# Foreign Perspective

APRIL 25-MAY 1

**Mexico City**—U.S. buyers finally may get a chance to lay their hands on some of those rich—and cheap—mineral resources south of the border.

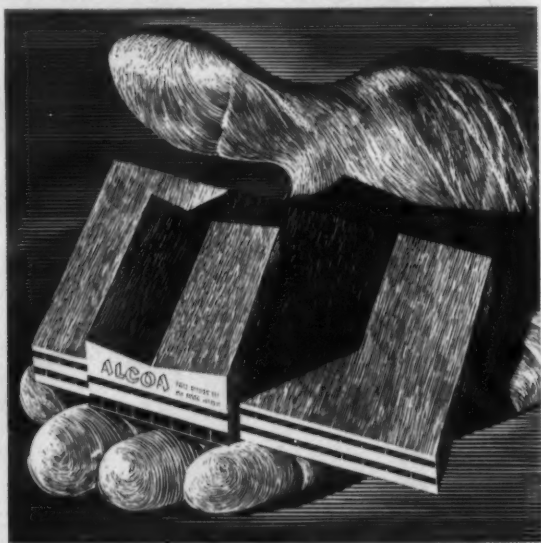
Until now, Mexican government export taxes had kept the mining industry here "on the road to disaster," as evidenced by an \$80-million drop in production last year.

Earlier this year, however, the government set out to change its laws and extend relief to the industry. The new laws include these provisions:

- Up to 100% export tax relief for economically distressed mining companies.
- Total five year tax exemption for new mining ventures.
- Government contribution of up to 50% of the capital requirements on new mining ventures.
- Government credits to small mines that want to expand production.

**Tokyo**—A leading Japanese steel exporter hopes to increase sales by helping the U.S. metal industry soup up its exports to Latin America.

Sumitomo Shoji, which does 40% of its business with U.S.



## ALCOA'S JOBBING DIVISION CAN BOOST YOUR PRODUCTION CAPACITY!

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firms, says it can furnish electronic and metal components for assembly in America at costs low enough to insure America's position as number one supplier south of the border.

"We are now selling radio kits to Sylvania for assembly in the states and marketing in Latin America under Sylvania's own name," a spokesman for the big trading house said.

He said his firm is also consummating a deal to sell Japanese rolling stock to an unnamed U.S. firm for stateside assembly and export to Latin America. "Low cost Japanese labor and efficient American assembly will profit both our countries," he added.

**Graz, Austria**—An Austrian firm, Ludwig Binder Co., has come up with a way of keeping dust and dirt out of conveyor belt rollers. The simple technique involves inserting a rubber seal over the ball bearing ends of each roller. The rubber cap also acts as a cushion for heavy-duty conveyor belts.

**Cairo**—The United Arab Republic is stepping up its drive to export phosphates.

Under a recently announced five-year plan, the Ministry of Industry of the U.A.R.'s Egyptian Region, has set up an annual production of 1½-million tons as its five-year target. Egypt, the world's seventh largest phosphate producer, dug up some 605,000 tons last year, of which two-thirds were exported.

**Warsaw**—Any buyers tempted by bargain deals on Polish electronic equipment had better take a second look before purchasing—over 75% of it may be defective!

And the State Trade Inspection Department, hopping mad over the whole thing, has launched a public prosecution of several manufacturers.

At one company, the investigation discovered, the director was so intent on fulfilling government quantity requirements, that he "pushed his workers into producing 84% defective radio sets." The firm, Diora Radio Works (formerly the German "Reichenbach Co."), of Dzierzonow, also makes tubes for export. Other firms now being prosecuted include unnamed factories in Swidnica, Lubin, and Gniow.

**Toronto**—The Canadian electrical equipment industry is having its antitrust problems with the government too.

An Ontario Grand Jury has indicted the Electrical Contractors' Association of Ontario, along with eight leading manufacturers, for conspiring to lessen competition in the sale of heavy electrical equipment and material in Ontario.

The indictment was a result of a federal combined report of May, 1959, which charged the Association with attempting to funnel all electrical supplies for construction through its member electrical contractors.

## Foreign News In Brief

### Ferranti Licenses Bendix

**Edinburgh**—Ferranti Ltd. has licensed Bendix Aviation Corp. to market and service a line of British-built machine tool control systems throughout the United States.

Initially, Bendix will set up a "Computer Center" at its Detroit offices to supply stateside customers with magnetic tapes for the Ferranti transistor-hydraulic systems.

### New Geon Plant

**London**—British Geon Ltd. has started constructing a new \$5.6-million polyvinyl chloride plant alongside its existing facilities in Barry, South Wales.

The plant, slated for completion late in 1961, will have an estimated capacity of 15,000 tons/year, half of Geon's current output. B. F. Goodrich Chemical Co. owns 45% of Geon.

### Fertilizer Plant

**Acajutla, El Salvador**—Central America will get its first

fertilizer plant next year when Fertilizantes de Centro America, S.A. builds its \$10-million facility near here.

This site was selected for the new facility because of the new deep water port now being constructed here.

### Export Isotopes

**Bombay**—India will begin exporting radio isotopes early this June when the new Canada-India reactor, one of the world's most powerful producers, goes on stream.

The new facility, which has a maximum power of 40 megawatts, will sell some \$1-million/year worth of radio cobalt at the relatively low cost of \$1.68/curie for low activity cobalt and \$5.88 for high activity cobalt.

### Industrial 'Supermarket'

**Rome**—Permindex (the World Trade Center) has opened a permanent office and showroom here for buyers to view—and place orders for—the latest in international industrial products.

Surety  
saves  
you  
money

**FOUR-2-ONE**  
VINYL IMPREGNATED WORK GLOVES

PROVIDING *Longer Wear at Lowest Cost*



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STYLE

As the name indicates, count on these Surety gloves outwearing cotton and many leather types **four or more to one** in most work.

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# Pembina Seeks Export Okay for Hydrocarbons

## Would Use Pipeline To Ship 200,000 Bbl./Day To Chicago Refinery

**Calgary, Manitoba**—Pembina Pipelines Ltd. has applied to the Alberta government for permission to export 200,000 barrels/day of liquid hydrocarbons to the U. S. as part of its giant \$150-million Calgary-to-Chicago pipeline.

The 2,500-mile line, in which Standard Oil of Indiana is reported to have a big share, will stretch from a 900-mile gathering system in Alberta, through Saskatchewan, North Dakota, Minnesota, and Wisconsin to a Lake Michigan deep water port.

### Carried in Mixed Stream

The liquid hydrocarbons, mainly pentanes and iso butanes, would be carried in mixed stream to a \$12-million plant within 40 miles of Chicago, where they would be refined and distributed throughout the Great Lakes industrial area. Chicago alone has a refining capacity of 580,000 barrels/day.

Pembina also is studying the possibility of piping various natural gas by-products, such as hydrogen sulfide, and sulfur to the U. S. via the same route. The company now is setting up an American subsidiary, Dakota-Eastern Pipeline, Inc., to handle pipeline construction in the United States.

The entire project is expected to get started early in 1961, if the government approves this year. It will take about 1½ years to complete.

In other Canadian industrial developments:

**Calgary**—Canadian Superior Oil of California has announced plans to recover part of the natural gas surplus now being burned up in Alberta's Harmatton-Nikton oil field.

The U. S. firm's Canadian subsidiary will complete construction of a \$2-million plant this fall, company spokesmen said. Commenting on the competitive Pembina Pipeline Ltd. project, a Superior official said, "There's more than enough for everybody here."

**Peterborough, Ont.**—Canada's first nuclear power station is expected to be in operation at Douglas Point, on Lake Huron, by 1965—three years ahead of a similar project planned by the United States.

The Lake Huron "Candu" reactor is expected to produce 200,000 kilowatts of electricity at a cost of about five to six mills/kilowatt-hours — roughly equivalent to the cost of running a coal-operated station.

**Cornwall, Ont.**—Construction got underway here last week on Canada's first caustic potash plant—a \$500,000 project expected to "meet all present Canadian requirements" with enough left over for export.

The new Canadian Industries

Ltd. plant will be built adjacent to the company's chlorine-caustic soda facilities which are located here.

**Thompson, Manitoba**—International Nickel Co.'s \$175-million nickel mining facility will begin production late this year. The new plant is the world's only integrated nickel mining, smelting, and refining operation at the present time.

At the same time, company officials denied they had dis-

covered another big nickel vein in Manitoba. Rumors cropped up recently that Inco had hit a new deposit—richer, even, than its Mystery Lake deposit.

**Toronto**—White Motor Co. of Canada is diversifying its line to include new multipurpose delivery vehicles.

Formerly, the company had produced only heavy trucks of 19,500-lb. capacity and over. The move comes on top of an announced expansion program to

up production some 11.5% in 1960.

**Toronto**—L. E. Shaw Ltd. has started work on a \$500,000 expansion of its Dartmouth, Nova Scotia, building materials plant.

The company operates nine plants in Nova Scotia and New Brunswick for the production of brick, tile concrete pipe, floor, wall, and roof slabs, concrete blocks, manholes, and allied products. The expansion is expected to double production of

precast concrete and Thermocrete building blocks.

**Collingwood, Ont.**—The Murray Bay, largest Canadian lake freighter ever built, has begun trial runs here.

The 730-ft. vessel, flagship of Canada Steamship Lines, is considered the first of "ultimate" size lakers. It can carry 25,300 tons of iron ore or 920,150 bushels of grain and will sail between Sept Iles, Que., and Great Lakes smelters.

## This is only one proof of GAYLORD quality

Here you read the measurable qualities in Gaylord Containers.

But how do you measure experience and ingenuity... which are *extra* qualities built into every Gaylord box?

Gaylord is part of a completely-integrated, nation-wide organization of packaging talents, devoted to delivering the most efficient, most economical container you can buy.

Your nearby Gaylord Man can prove this. Why not let him try?



Seal illustrated above used for shipping containers conforming to Uniform Freight Classification No. 41.



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GAYLORD CONTAINER DIVISION



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PLANTS COAST TO COAST





### Cushioning

#### Withstands Stress

Noncorrosive, nonabrasive expanded polystyrene plastic for package cushioning can double as thermal insulator. The material can be die-cut, bent, cemented, and scored to assume a variety of shapes. Stiffness equals sponge rubber of 35 lb./cu. ft. density.

Price: 18¢ to 27¢ bd. ft. Delivery: immediate.

Armstrong Cork Co., 1010 Concord St., Lancaster, Pa. (PW, 4/25/60)



### PVC Film

#### Resists Abrasion

Polyvinyl chloride film, 0.0005 in. thick, can be laminated to boardstock with thermoplastic adhesives. The film, available in roll widths up to 60 in., resists abrasion, staining, and damage from strong acids, alkalies, organic solvents, water, grease, and oils.

Price: 3.37¢ per thou. sq. in. Delivery: immediate.

Reynolds Metal Co., Plastics Div., Richmond 18, Va. (PW, 4/25/60)



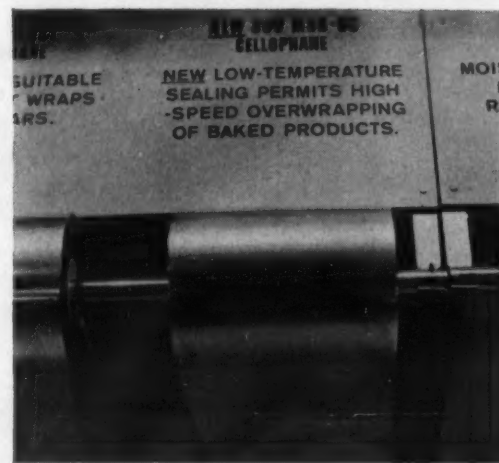
### Polyethylene Resin

#### Makes Polymorphous Film

Polymorphous polyethylene film resin uses a balance of crystal characteristics to develop puncture resistance, high clarity, and improved impact strength in general purpose film fabricated by film die extrusion and cooling. Film applications include overwrap.

Price: 32½¢ lb. Delivery: immediate.

Spencer Chemical Co., 1004 Baltimore Ave., Kansas City, Mo. (PW, 4/25/60)



### Cellophane

#### Seals at Lower Heat

Moisture-proof, printable cellophane film seals effectively at 250 F for overwrap packaging of baked goods. Film requires less time in contact with heater plates to reach its sealing temperature, (50 deg. lower than before), thus cutting packaging costs.

Price: 62¢ lb. Delivery: immediate.

Du Pont, Film Dept., Nemours Bldg., Wilmington 98, Del. (PW, 4/25/60)



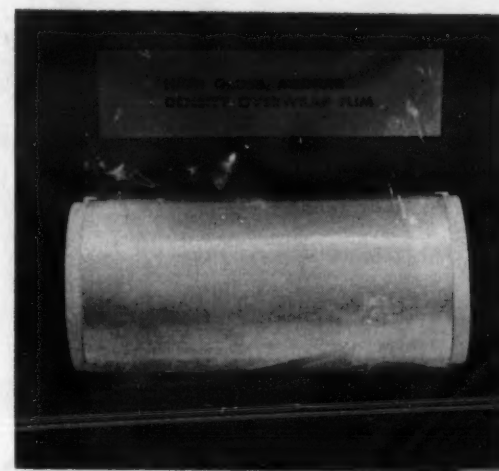
### Polyethylene Bag

#### Holds Bulk Materials

Linear polyethylene bag, 6 mils thick, holds 50 lb. of bulk material. The bag is also available in a thickness of 7 mils, with a capacity of 80 lb. The container can replace multiwall paper bags in storing and shipping.

Price: 18¢ each. Delivery: June 1.

Owens-Illinois, Owens-Illinois Bldg., Toledo 1, Ohio. (PW, 4/25/60)



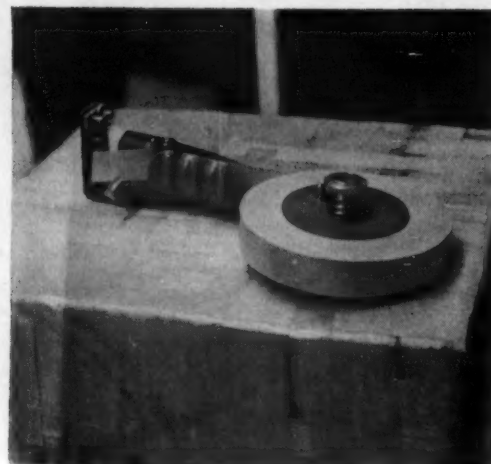
### Polyethylene Resin

#### Has High Clarity

Polyethylene compound is designed to yield film with very high optical properties and good strength characteristics, for use in packaging soft goods, candy, bakery products, rack and counter merchandise, produce, and dried foods.

Price: 32½¢ lb. Delivery: immediate.

Union Carbide Plastics Co., 30 E. 42 St., New York 17, N. Y. (PW, 4/25/60)



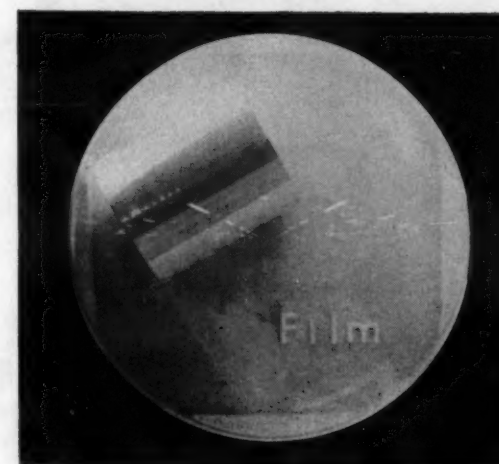
### Dispenser

#### Applies Strapping Tape

Dispenser has trigger-actuated cutter to speed the application of strapping tape. Device is available with moisture-proof tape which straps heavy machinery parts, rods, and lumber, or seals packages, or bands groups of cartons on pallets.

Price: \$12.50 (with tape). Delivery: immediate.

Mystik Adhesive Products, Inc., 2635 No. Kildare Ave., Chicago 39, Ill. (PW, 4/25/60)



### Polypropylene Film

#### Resists Alkalies

Polypropylene film can be injection-molded to high gloss and finish, or extruded. The film resists alkalies and certain acids, has a modulus of stiffness of 180,000 psi., and is recommended for packaging, containers, closures, and electrical insulations.

Price: 81¢ lb. Delivery: immediate.

AviSun Corp., Sales Dept., Post Road, Marcus Hook, Pa. (PW, 4/25/60)



# New Products

Another PURCHASING WEEK service: Price and delivery data with each product description.



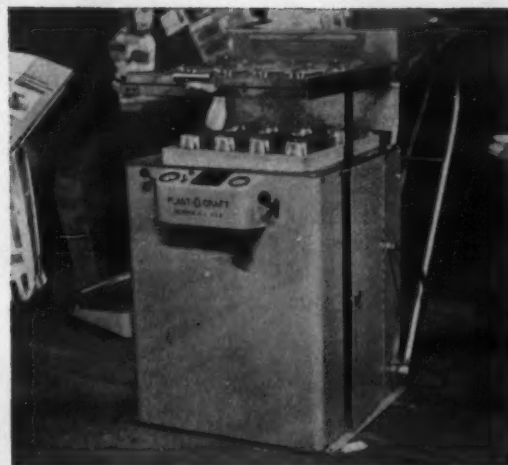
## Gallon Container

Has Handle

Inert regular or high-density polyethylene gallon container offers tare weight 12 to 15 times below glass tare weight. The container has handle for easy pouring, is shatterproof, and has a modified square shape to conserve shipping and storage space.

Price: approx. 23¢. Delivery: 1 mo.

Plax Corp., Box 1019, Hartford, Conn. (PW, 4/25/60)



## Forming Machine

Makes Blisters

Vacuum forming machine, designed for volume production, uses vinyl, polyethylene, butyrate, or acrylic sheet or rolls to make packaging blisters, displays, and other products. Molds for the unit are easily made and inexpensive.

Price: \$1,195. Delivery: immediate.

Plast-O-Craft Co., Inc., 503 McCarter Hwy., Newark, N. J. (PW, 4/25/60)



## Parchment

Makes Heat-Seal

Decorative parchment suitable for pouches, blister packages, and overwraps is designed for use on all types of automatic and semi-automatic heat-seal packaging machinery. The parchment heat-seals face-to-face or back-to-back, but won't stick to other materials.

Price: approx. 40¢ lb. (white), 50¢ lb. (pink). Delivery: immediate.

Paterson Parchment Paper Co., Bristol, Pa. (PW, 4/25/60)



## Dispenser

Has Steel Shears

Control on device allows dispensing of gummed tape in 2 changeable set lengths from 5 in. to 60 in., and provides 1 random tape length for visual operation. Steel shears enable machine to cut graft or reinforced tape, without adjustment. Dispenser runs on 110 v., ac.

Price: \$197.50. Delivery: immediate.

Diagraph-Bradley Industries Inc., P. O. Box 269, Herrin, Ill. (PW, 4/25/60)

This Week's

## Product Perspective

APRIL 25-MAY 1

• **Packaging** is expanding at such a rapid rate that a material that loses one major job still manages to thrive on the growth of remaining strongholds. For example: **Cellophane** is having its best year in the face of competition from plastic film; glass containers are setting records, while plastic bottles grow by leaps and bounds; collapsible metal tubes hit a record sales high last year, despite inroads of squeeze bottles, plastic tubes, and aerosol packages.

Although traditional packaging materials are holding their own—and are even enjoying a slow, steady growth—they are rapidly being outpaced by the newer materials. Many of these are expecting to double their volume in the coming year. Here are some of the most competitive areas:

• **Film.** DuPont's Robert Smith forecasts a 40% increase in cellophane consumption during the next 10 years, but producers of newer plastic films are expecting many times that growth. Many plastic makers say it is only a question of time before other films will compete with cellophane on all fronts—they already boast a price advantage.

**Polypropylene** is definitely the up-and-coming packaging film. AviSun Corp. expects demand for the plastic to skyrocket to a billion lb./yr. by 1970,—with a high percentage going into packaging. The material is unaffected by most acids and alkalis, nearly impervious to water, remarkably strong, abrasion resistant, and resilient.

Cost of polypropylene now runs about 81¢/lb. (as against 32½¢ for polyethylene) but users expect to use a thinner film of the strong material—bringing the cost/sq. in. down to a competitive level.

**Word of warning to polyethylene film users:** Fierce price competition in polyethylene film markets may tempt some manufacturers to cut quality in order to reduce costs. Reputable makers suggest buying all film to specifications. A new Dept. of Commerce standard (CS 227-59) can help you set specs.

• **Transparent packaging.** Controversy now developing between blister (product sealed inside relatively thick plastic bubble on rigid cardboard sheet) and skin (part held to cardboard backing sheet by heat sealing plastic film over board and product). A Dobeckman spokesman thinks lower cost of skin gives it an edge—one machine can handle a variety of types and size products in a single step, no mold is needed, and backing board doesn't have to be perforated. But an Eastman Film salesman, who disagrees, thinks blister's added appearance will give it a strong advantage in consumer impulse-buying market. Jackmeyer Corp. has developed a stick-on blister that needs no machine.

**The consensus:** Both methods will grow—each will win certain markets.

• **Cushioning.** New packaging methods use plastic foam or molded paper fiber to cushion product inside outer case. Polystyrene and polyethylene foams are being formed in closed molds for complex applications, and standard-sized sheets of foam material are being stamped to shape for relatively easy jobs. Paper makers also are getting into the act, and molded pulp board inserts are available for packing everything from transistors to electric meters. Molded board is cheaper than plastic, but doesn't have same appearance value.

• **Aerosols.** Market reported still "growing like crazy." Notes one Allied Chemical official: "Everytime it looks like we've reached a plateau in one product area, another comes along to take its place. Newest boom market: men's hair spray. Next down the line: pharmaceuticals. Allied also announced a "quick breaking foam" for aftershave lotions, sun lotion, and nail polish remover. Foam turns into a liquid when it is disturbed.

• **Cans.** Aluminum cans continue to make inroads. Both Reynolds and Alcoa have introduced aluminum aerosol cans that "are competitive" with seamless tin plate. A major aluminum producer confided that the aluminum industry doesn't ever expect to capture the entire can market, but in time might get "close to half."

Newest major aluminum can market is in frozen fruit juice. One manufacturer has signed a major contract with a food company to put a considerable part of the current year's production of juice into aluminum. Also in the works is an aerosol for food products that holds the product inside a plastic bag inserted in the outer can. The bag keeps the propellant from contaminating the food—pressure on the bag dispenses the product.





## Glue

### Fixes Labels to Polyethylene

Glue which attaches paper labels to polyethylene bottles is available in 2 types in 55 gal. drums. Type 5-465 operates on treated polyethylene bottles, while type M-738 is for untreated bottles. Glue works with standard bottle labeling equipment. Price: 20¢ lb. Delivery: immediate.

Union Paste Co., 1599 Hyde Park Ave., Hyde Park, Mass. (PW, 4/25/60)



## Polyethylene Resin

### For Blow Molding

Polyethylene resin for blow and injection molding has high stiffness and good stress crack resistance, thus allowing reduction of container wall thickness. Processing properties of the resin include gage uniformity at parting line, and strength at weld line.

Price: 32½¢ lb. Delivery: immediate.

U. S. Industrial Chemicals Co., 99 Park Ave., New York 16, N. Y. (PW, 4/25/60)

## Product Briefs

**Precision edge grinder** is designed for close tolerance sizing of products requiring a great deal of stock removal. Corners of finished products are perfectly sharp and edges are absolutely parallel and square. Blocks of material, or work piece, pass between two (oscillating) abrasive belts, index, and then return. Finish depends upon the abrasive belt used, and machines are available for use with any desired belt width. *Murray-Way Corp., Birmingham, Mich.*

**Process chromatograph** is said to make analysis of liquids, gases and vapors in 1/20 to 1/30 the time required by conventional chromatographs. It can handle automatic programming of up to 8 streams. The analyzer unit is contained in an explosion-proof housing for on-stream installation in hazardous areas and the control unit can be located on a panel up to 500 ft. away. *Consolidated Electrodynamics Corp., 360 Sierra Madre Villa, Pasadena, Calif.*

**Tapered, roller-bearing spindle** is recommended for heavy-duty applications such as crush-grinding, roll grinding, and vertical spindle grinding. The belt-driven spindle (BD4-2) is rated up to 2,700 rpm. It is available for replacement and tooling. Barrel is 4.1241 in. in dia. and 16 49/64-in. long. Standard nose taper and pulley mounting are used; maximum recommended drive is 7½ hp. with maximum wheel of 14 in. dia. by 2-in. width. *DoALL Co., Des Plaines, Ill.*

**Ceramic pickup** performs vibration analysis in high humidity areas with temperatures up to 200 F. Polarized polycrystalline varium titanate is used as the sensitive element. Fourcorner mounting of the barium makes the unit non-sensitive to rotation. *Shure Brothers, Inc., 222 Hartrey Ave., Evanston, Ill.*

**Angular cutter designed** for arbor has teeth with zero deg. rake and carbide tips to facilitate regrinding without need to grind steel cutter body. The 45 deg. cutter is available with 2 carbide grades—one for steel and the other for machining angular grooves and dovetails in cast iron, brass, and bronze. Unit comes in both right and left-hand models in 3 sizes ranging from 4 to 6 in. dia. *Browne & Sharpe Mfg. Co., Cutting Tool Div., 235 Promenade St., Providence 1, R.I.*

**AMCHEM**  
**ALODINE**  
conversion  
coating  
upgrades consumer  
quality appeal  
for Hanover Wire  
Cloth aluminum  
screening!

At big aluminum screening producer, Hanover Wire Cloth, Amchem Alodine has racked up a performance record far beyond the call of duty for chemical conversion coatings! The result—a line of non-glare, corrosion-resistant, color-fast aluminum screening that's making a startling impact in trade and consumer circles.

Use of Alodine at Hanover has the unqualified support and enthusiasm of management. E. B. Frock, Continental Copper & Steel Industries Vice President in charge of the Hanover Division terms Alodized aluminum "the screening of the future," that "eventually all aluminum screening will have to be treated before it is painted or finished, and Alodine is the better answer."

Hanover salesmen have proven Alodine's superiority as a sales tool in the field with a product benefits story that has been justified in actual use. Alodine-treated screening with its non-glare, corrosion-resistant, color-fast advantages has found immediate consumer acceptance for use in windows, doors, jalousies, carports, patios and swimming pools. Acceptance (and sales) of Alodized screening has been heavy nationwide, enabling Hanover to improve an already strong distribution position. Seashore use is particularly popular due

to the ability of Alodine-treated screening to withstand the long-term corrosive effects of wind, salt and sun with amazing wearing qualities.

Hanover employs Alodine in an Amchem-developed and designed 5-stage system processing 903 foot rolls of Imperial screening in charcoal gray and soft green finishes at normal line speeds of 25 feet per minute in the 105-110 degree temperature range. Plans are being implemented to put Hanover on tandem roll operation. Automated chemical feed is currently being installed. Technical assistance by Amchem Representatives in setting up Alodizing operations on a production basis have resulted in bringing processing costs to a level reasonably competitive with standard or conventionally finished aluminum screening.

Strongest proof of Alodine-treated screening quality is found in the decision of one important Hanover customer to stock Alodized only and offer this one screening exclusively for the 1960 season. Hanover management, alert to consumer buying trends, looks ahead to the day when its entire output of screening will be Alodized with Alodine to provide in quantity this increasingly popular, uniform finished aluminum wire cloth.





## Stapler

### Seals Cartons

Stapler runs on compressed air to close cartons of any size or shape with steel staples. The 6½-lb. unit has individual controls for penetration and clinch, and a detachable driving mechanism. Magazine lifts out for adjustment of staple feed.

Price: \$180. Delivery: immediate.

International Staple & Machine Co., P. O. Box 270, Herrin, Ill. (PW, 4/25/60)



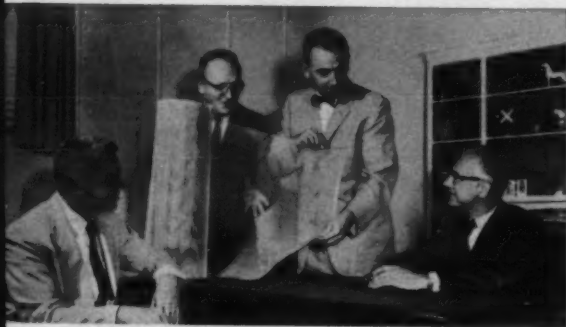
## Imprinter

### Handles 200 Labels/Min.

Imprinter produces fine or bold type face on 200 labels per min. from constant source ink supply pot and rotary feed print which carries rubber imprinting logo-type and feeds labels. Machine can rewind roll labels to prepare for automatic labeling.

Price: \$2,000. Delivery: immediate to 30 days.

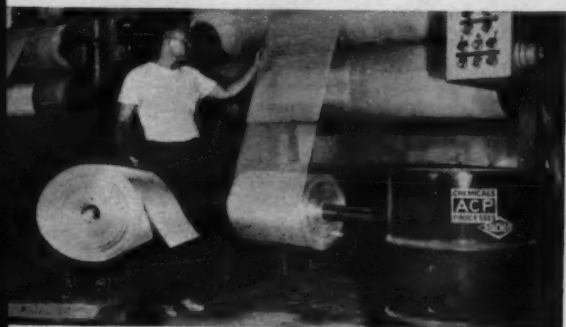
Oliver Machinery Co., Grand Rapids 2, Mich. (PW, 4/25/60)



The Hanover executive team examines roll of Alodine-treated aluminum screening. Left to right: R. C. Ampspacher, Production Manager; A. Y. Wolff, General Manager; Richard Bamford, Sales Manager; and E. B. Frock, Vice President.



At beginning of the Alodine processing line, worker adjusts screening as it enters. Tandem processing is planned since wide tanks will accommodate many widths in tandem. Automatic chemical feed is being incorporated into system.



At the end of the 5-stage Alodine processing line the chemically treated wire cloth is subjected to visual spot checking as it is rewound into 903-foot rolls.



"Imperial" Alodized aluminum wire screening is packaged at Hanover Wire Cloth for shipment to customers nationwide. Each carton bears special Alodized label.



Unretouched photo shows remarkable see-thru-ability of Alodized screening used to enclose carport.

The story of how Amchem Alodine helped Hanover Wire Cloth move out in front with new trade and consumer benefits appeared in the editorial pages of Modern Metals Magazine, November 1959 issue. If you'd like to learn more about how Amchem Alodine can help lend consumer appeal to your products, write for a reprint of the above article, or contact your local Amchem Representative!

Write for Bulletin 1424A describing uses of Alodine for aluminum fabrications of all types.

Photos and facts by Commercial Photography Division, United Press International.



# ALODINE

Amchem and Alodine are registered trademarks of AMCHEM PRODUCTS, INC. (Formerly American Chemical Paint Co.)  
AMBLER, PA. • Detroit, Mich. • St. Joseph, Mo. • Niles, Calif. • Windsor, Ont.



## Product Briefs

**Oscilloscope** records up to 50 channels of test data on 12-in. wide record at speeds from 0.05-in. to 170-in. per sec. Normal fluorescent room lighting exposes record in sec. without chemicals, powder, or heat. Record storage and take-up spools are self-contained. *Midwestern Instruments, P. O. Box 7186, Tulsa, Okla.*

**Bonded shapes for abrasive tumbling** include round and triangular pins for barrel finishing intricate parts. Round pins are available in ⅜-in. length with diameters of ⅜ in. or ⅝ in. They are designed to finish parts with round holes or circumferential grooves. Triangular pins 1-in. long and with ⅜-in. sides are designed to finish slotted parts. *Norton Co., 50 New Bond St. Worcester 6, Mass.*

**Vertical-type automatic centrifuge** reduces breakage in the production of fine chemicals. The machine, which normally operates at 1,000 times gravity, automatically balances itself regardless of load conditions. Slurries can be charged into the centrifuge at reduced speed and the entire basket containing the solids can be discharged with one stroke of the pusher. The machine automatically accelerates for drying and washing and decelerates for discharge. *Chemical Machinery Div., Baker Perkins, Inc., 1000 Hess, Saginaw, Mich.*

**Battery holder** has locking strap to keep battery in place under conditions of extreme shock and vibration. The flush-mounted holder is designed to allow leads to be brought up to terminals. Phosphor bronze unit is available with nickel, gold or silver plating. *Cambridge Thermionic Corp., 445 Concord Ave., Cambridge, Mass.*

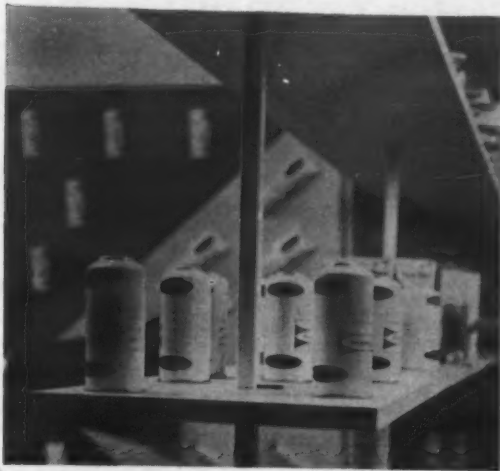
**Hot plate** designed for lab and shop applications has precision control to vary temperature from 6C above ambient to 370C. The top temperature can be reached in less than 9 minutes. Control automatically compensates for supply line voltage fluctuations and ambient temperature changes to keep temperature at desired level. *Thermo Electric Mfg. Co., P.O. Box 697, Dubuque, Iowa.*

**Meter counter** is designed for use with unattended meters at bulk plants. Two to six totalizers yield permanent record of amount taken through meter at each discharge. Two counters may be mounted together to provide 12 totalizers. *Ralph Brodie Co., Lowell at 61st St., San Leandro, Calif.*









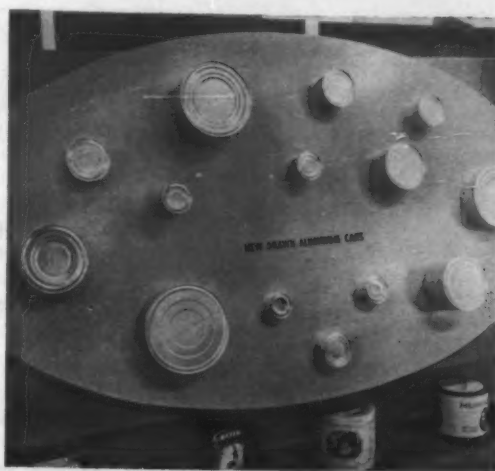
## Aerosol

### Is Aluminum

Seamless, rust-proof, all-aluminum aerosol dispenses 6 oz. of any commercial propellant. Aerosol rim allows a one-piece flush overcap. Container takes printing in from 1 to 4 colors, and can be internally lined for product protection.

Price: approx. 5¢. Delivery: July 1.

Bradley Sun, Hillside, N. J. (PW, 4/25/60)



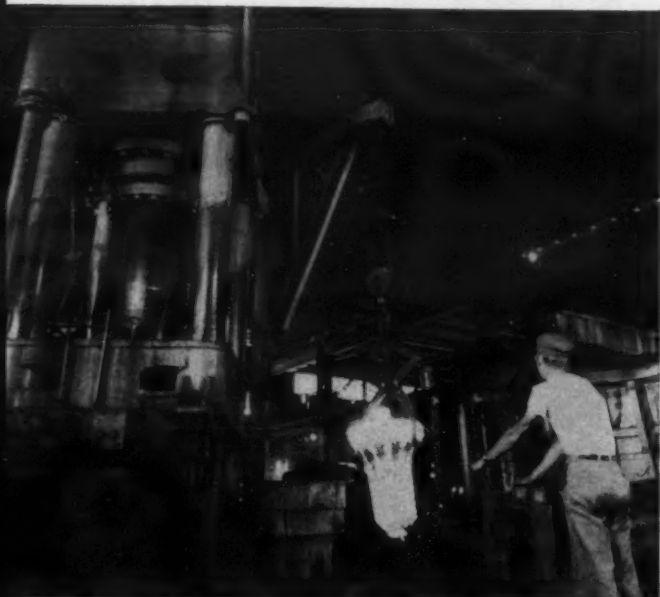
## Aluminum Container

### Is Air-Tight

Drawn aluminum container has compounded ends for packaging prepared foods, drugs, liquids, machinery parts, bearings in oil, and fine instruments. Models come in 18 sizes, ranging from 1½ in. to 6¾ in. in diameter, and from 1 in. to 2¾ in. in depth.

Price: 3¢ to 30¢. Delivery: immediate.

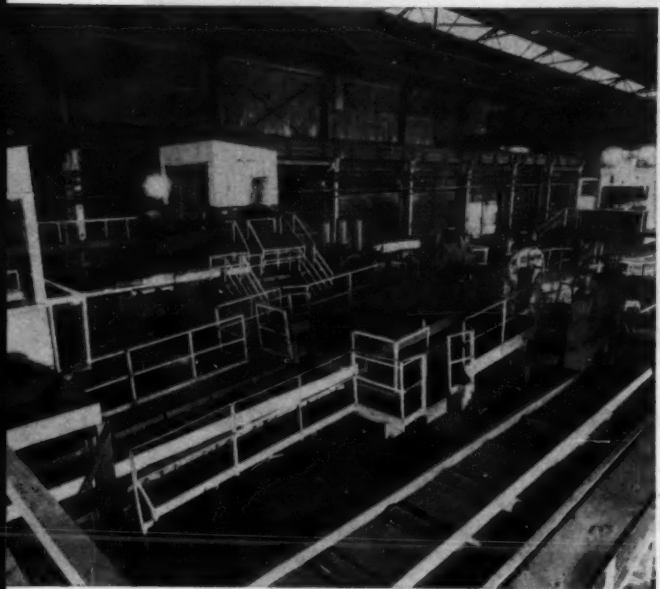
J. L. Clark Mfg. Co., 2301 6th St., Rockford, Ill. (PW, 4/25/60)



Gulf Harmony oil protects against rust and foam in hydraulic systems of Green River's forging presses.



Manipulator, lubricated with Gulfcrown Grease E.P., places billet in forging press.



Longer gear and bearing life on Green River's blooming mill, intermediate and finishing stands is assured by the use of Gulf E.P. lubricants.



Left to right, Marshall Ringo, Gulf Sales Representative, Thomas J. Bartlett, Jr., Gulf Owensboro Distributor, Nelson C. Walker, Executive Assistant to the President, Green River Steel Corp., and George Carney, Gulf District Manager.

switch to Gulfcrown® Grease E.P.

# RUN BETTER!

production of 36%, or 702 tons a week."

Based on this experience, Green River plans to standardize on Gulfcrown Grease E.P. for grease applications. To protect against rust and foam in hydraulic systems throughout the mill, Gulf Harmony® oil is used.

Perhaps a Gulf Sales Engineer can help you improve your lubricating practice, and help you make sizeable dollar savings. Just call the nearest Gulf office.

**GULF OIL CORPORATION**  
Department DM, Gulf Building  
Pittsburgh 30, Pennsylvania



## New Process Develops Microfilm Without Use Of Chemical Additives

**New Orleans**—The Kalvar Co. has developed a unique technique for developing microfilm negatives without using chemicals.

Key to the new process, called Kalfax, is a special photographic film, developed by Kalvar, that has a 3-mil Mylar base covered by a still unidentified plastic containing dispersed particles of an ultraviolet-sensitive diazo compound. The unexposed film is fully transparent.

The image that is being copied is illuminated by an ultraviolet light source. Upon striking the Kalvar film, the u-v light decomposes the suspended diazo compounds into a colorless dye residue and a gas. The amount of gas generated is directly proportional to the amount of light received.

The plastic layer of the exposed film is heated to 255 F, allowing the gas to escape through the plastic. The escaping gas forms a pattern in the film corresponding to the content of the original image. The pattern is permanently fixed by short-term heating at 110 F followed by aging.

The system is expected to find wide use in all areas of information retrieval and data processing systems.

## Where Can I Buy?

Some products are easy to locate, others difficult. Perhaps you can help one of our readers who knows exactly what he wants but doesn't know where to get it. And keep in mind that you can make use of this PURCHASING WEEK service at any time.

While you are answering our reader's request, would you also send us a carbon copy of your answer?

"We are looking for a source that can supply us with a lathe, turret, used, 5-hp. drive, chucker, low speeds for tap and die work, no bar work."

**Emilio Mercado, Jr.**  
Purchasing Agent  
Rab Electric Mfg. Co., Inc.  
605 E. 132nd St.  
New York 54, N. Y.

"We are trying to locate a source of supply for stamped out pieces of plastic or polyethylene approximately 1/8-in. thick."

**Louis A. Anderson**  
Vice President  
Empire Homes Corp.  
Beech and Woodland Sts.  
Louisville 11, Ken.

## Industry News in Brief

### Remington Buys

**New York**—Remington Rand soon will be selling a new line of office equipment as the result of acquiring the Adding Machine and Cash Register Div. of Clary Corp. Stockholders approved the sale of the division in a cash deal for \$8,050,000.

The sale becomes effective July 1 and will add a line of manual and electric cash registers not formerly in the Remington Rand line. Included in the transaction are the physical assets of Clary's plant in Searcy, Ark.

### M-H Expands

**Philadelphia**—Minneapolis-Honeywell's Brown Instruments Div. is expanding production and warehousing of thermocouple and other pyrometer supplies.

Operations here have moved to new quarters, and in Los Angeles assembly and stocking of temperature sensing elements are being carried out in a new plant.

### G&L Sells Plant

**Fond du Lac, Wis.**—Giddings & Lewis Machine Tool Co. has sold its Cincinnati plant to The Cincinnati Milling Machine Co. The sale involves real estate only. The company will consolidate production of drilling machines at its plant here and at Kaukauna, Wis.

### Expansion From Within

**Miami**—Ryder System, Inc., trucking and truck rental concern

### Champion Paper Enters Plastic Packaging Field With Full Product Line

**Waynesville, N.C.**—Champion Paper & Fibre Co. has launched a drive to break into the plastic packaging field.

The big paper company currently is installing equipment in its plant here for plastic extrusion coating of paper. It expects to come out with an entire line of plastic-coated paper and plastic films "in the near future."

Company spokesmen said the new paper line will include sizes up to 85-in. wide in weights ranging from 1½ lb. to 24 lb./1,000 sq.ft. The new equipment, they said, can handle, in addition to standard films, high density polyethylene, nylon, polypropylene, Teflon, vinyls, and polystyrene.

### Long-Term Leasing

**Chicago**—A leading machine tool builder here has set up a new long-term leasing plan for its line of standard and custom steel presses and press brakes.

Verson Allsteel Press Co. said its new leasing program, requiring minimum contracts of three years, would be underwritten by Nationwide Leasing Co., a major equipment leasing firm.

The plan, said a Verson official, will apply to machines ranging from \$1,600 press brakes to custom-built presses costing as much as \$750,000. They will be available from Verson representatives as well as Nationwide's regional offices in major cities.

will emphasize future expansion from within rather than through mergers and acquisitions, according to James A. Ryder, president. The merger plan has achieved a goal of \$100-million annually, he said. He predicted his company will increase sales and net 30% this year through internal expansion.

### 50% Sales Rise

**Waltham, Mass.**—A 50% increase in sales is expected by Waltham Precision Instrument Co. as the result of acquiring

Electro-Mec Laboratory Inc. of Long Island City, N. Y. The firm manufactures a variety of high-precision potentiometers.

### Armco Drainage Builds

**Portland, Ore.**—Construction has begun on Armco Drainage & Metal Products, Inc.'s \$500,000 metal pipe factory at Hillsboro. The plant will replace an outgrown facility in Portland.

### New Raytheon Plant

**Norwood, Mass.**—Raytheon Co.'s Commercial Apparatus and

Systems Div. expects to be completely installed in its new building here by May 1. The structure will house the division's headquarters, engineering laboratories, and a manufacturing plant.

The plant is located at 1415 Boston Providence Turnpike about 4½ miles south of Route 128.

### Mallory Reorganizes

**Indianapolis**—Metallurgical and Mechanical Group is the new corporate designation for two manufacturing divisions and three subsidiaries of P. R. Mallory & Co.

The new setup consists of the Mallory Metallurgical Co., here;

Electronic Timers Co., Warsaw, N. Y. and Pana, Ill.; Philadelphia Bronze & Brass Co.; S-M-S Corp., Detroit and Indar Corp., here.

Chief products are electrical contacts, high density metals, resistance welding materials, non-ferrous forgings and powder metallurgy products.

### New Wire Mill Opens

**Elizabeth, N. J.**—A new wire drawing mill has been opened here by Great Eastern Wire Corp. The facility is designed to provide a complete wire processing operation from rod cleaning to wire drawing. Capacity is 1,200 tons per month.



## This Casting...Rotten to the core!



Corrosion . . . unnecessary, wasteful, representing billions of dollars to American industry. Focus on the problem begins with the early design and development of your product. Answers are found after a critical study of the corrosive environment to which your product will be exposed.

Castings are our business . . . corrosion-resistant castings . . . metals specifically created for you. From the blueprint to the finished casting, Waukesha provides the facilities, technology and nearly a half century of experience. Waukesha's metallurgical staff is always available to discuss your casting problems. A Waukesha consultant is as near as your phone.

### WAUKESHA FOUNDRY CO.

DEPT. NO. F-4, WAUKESHA, WISCONSIN

Manufacturers of corrosion-resistant castings, inclusive of non-galling alloys, Stainless Steel, Waukesha Metal, Monel, Pure Nickel, Inconel, Ni-Resist, plus special Nickel-Chromium Alloys for specific applications.



# Sellers, Buyers Trade Views in Free-Swinging Session at North Jersey Association Meeting

**Newark**—A growing interdependence between sales and purchasing was spotlighted at a recent meeting of the Purchasing Agents of North Jersey.

Speakers at both a pre-meeting forum and dinner session examined the relationship between the salesman and the P.A. and came to some sound conclusions.

At the forum, salesmen sounded off on the faults of purchasing, and P.A.'s replied in kind with their own list of salesmen's defects. The verbal free-swinging session was part of a program to better understand the problems faced at both sides of the negotiating table.

Forum Chairman Edwin C. Abrahamsen, Charles Bruning Co., Teterboro, represented purchasing on the panel. Richard F. Collins, sales manager, Benedict-Miller Inc., Lyndhurst, and Leslie G. Darr, Jr., also of Bruning, presented the salesman's viewpoint.

The idea of interdependence was noted by Darr, who said, "from a selling point of view, the P.A. is as much of a salesman as the supplier's representative." He cited the selling job P.A.'s have in convincing salesmen of delivery dates and reasons for given inventory levels.

Collins criticized purchasing on three points:

- (1) Holding back information needed by sales to do an effective selling job.
- (2) Lack of candor.
- (3) An exaggerated concern with price that could backfire.

But the audience of P.A.'s countered with a few barbs of their own. Questioners put the salesmen over the coals for: over-selling their product, poor deliveries, and for not always being completely open in their relationships with purchasing.

At the dinner, attended by

more than 550 P.A.'s and their guests, Reuben Perin, executive vice president, Continental Can Co., pointed out that "two-way communication that expedites efficiency is more beneficial than haggling over a penny or two."

He maintained that manage-

ment recognizes the vital role purchasing plays in controlling inflation. "Purchasing rates more and more responsibility," he said, "and will become more and more active in helping resolve general corporate problems."

## Congress Wants to Know: How Does The Air Force Get 30,000 From 300?

**Philadelphia** — The Army Quartermaster Corps has been busy trying to explain how an Air Force requisition for 300 foot lockers somehow got turned into a request for 30,000.

The Quartermaster's official explanation goes something like this:

An Air Force base supply officer in Bitberg, Germany, sent an order to the Philadelphia Quartermaster Depot for 300 foot lockers. Somehow, by the time the requisition reached the depot, somebody's typewriter had added two zeroes to the figure and the order was processed as 30,000 foot lockers, which were well on their way to Germany by ship before the Air Force realized what was happening.

By that time, however, Air Force officialdom decided the best thing would be to reroute the lockers to Giessen, Germany, since Bitberg wouldn't have enough storage space to hold the purchase.

Bitberg decided to take 702 lockers, instead of the original 300, and the remaining 29,298 are still in storage at Giessen.

"We were in no position to question supplies ordered by the Air Force," explained the Quartermaster public information officer. "If the foot locker order

had come from an Army unit, we would have questioned the requisition because we know the Army's normal requirements and troop strength."

When a House Defense Appropriations Subcommittee noted that this error had cost the taxpayers about \$100,000, the information officer replied indignantly that the shipment was "actually not a loss, because it's cheaper to store the lockers overseas than in the United States."

In addition, the QM spokesman continued, "we've cut back on procurement" of the lockers as a result of the overseas stockpile.

## Edward J. Jameson Wins Presidency of Tulsa Assn.

**Tulsa, Okla.**—Edward J. Jameson, assistant manager of material and traffic, Humble Oil & Refining Co., Carter Div., has been elected president of the Purchasing Agents Assn. of Tulsa.

P. C. Kenton, assistant purchasing agent for Warren Petroleum Corp., is the new first vice



EDWARD J. JAMESON

president, and G. B. Fox, assistant P.A. for Sinclair Oil & Gas Co., will serve as second vice president.

J. H. Janzen was elected secretary-treasurer. Last year's president, Perry A. Gill, purchasing agent with Sunray Mid-Continent Oil Co., is the new national director.

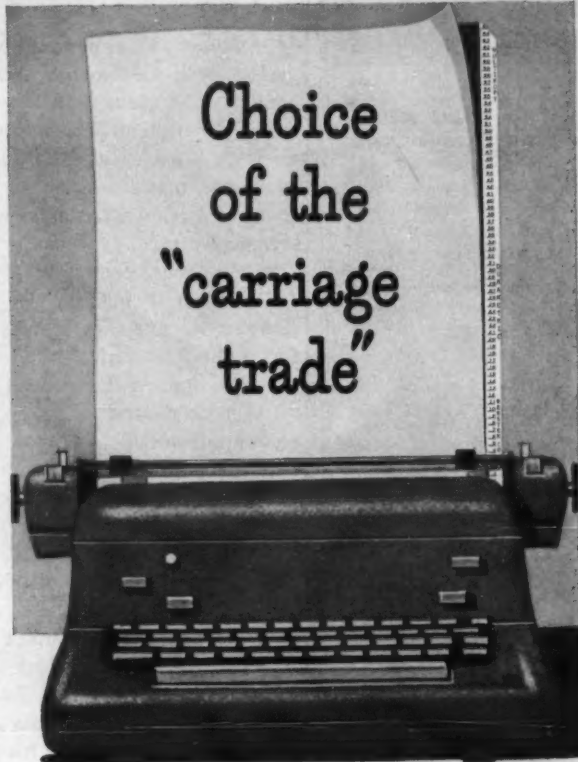
## Textron Plans Purchase Of Bell Aircraft's Div.

**Buffalo**—Textron, Inc. of Providence, R. I. is completing plans to purchase Bell Aircraft Corp.'s Niagara Frontier Div., plus its helicopter subsidiary, and hydraulic research and manufacturing—both in Burbank, California. The deal involves more than \$30-million.



Saviana 'Scat' Car

THE 'SCAT' is a two-door, four-passenger, lightweight car. Manufactured by Saviano Vehicles, Inc., of Warren, Mich., this multipurpose vehicle can get 25 to 30 miles to the gallon, move as fast as 50 miles an hour. Rear seats fold down to provide an ample carrying platform, accessible through the tail gate. Another model, with optional fiberglass or canvas top, can be converted to an open-air car in 60 seconds. Power is supplied by a 25-hp. air-cooled engine mounted in the front. Car has an 80-in. wheelbase, will sell for about \$1,400, including delivery and taxes. Saviano Pres. Arnold P. Saviano says car was developed for "hard work and carefree play at the lowest cost."



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# There's Money in the Scrap Pile

"If purchasing agents realized what a penalty they paid in lost revenue for improper handling of scrap, they would quickly change their ways," says Henry Lipkowitz, a prominent scrap dealer and former president of the National Association of Waste Material Dealers.

The penalty is a big one, judging from the substantial profits rolled up by P.A.'s who have mastered most of the complexities of the scrap market. Here are a few examples of the rewards in store for alert P.A.'s:

- One utility company has realized \$500,000 annually for the past eight years since it established a salvage unit.

- A plastic firm has sold \$8,000 yearly from its scrap pile; previously it paid to have waste hauled to an incinerator.

- A department store was able to save more than \$50,000 in packaging material costs as the result of a one-year campaign to salvage waste.

- A rubber company saved 3¢/lb. on raw material by reclaiming its scrap—a savings of \$15,000 per month.

What does a P.A. need to know in order to do a better job of scrap disposal?

Two things above all, say the experts. The first is to know your market (i.e., prices); the second, to acquire a knowledge of how the scrap industry operates.

The scrap market is a vast puzzle to most P.A.'s. Prices are as complex as freight rates and practices sometimes would shame a used car salesman. Prices seldom are stable: They can hit the ceiling one week and fall just as precipitously the next.

For example: In one typical week, #1 scrap steel sold in Pittsburgh for \$45/ton and in the following week for \$36/ton. Scrap copper (#2) brought 29¢/lb. one week and only 24¢/lb. the next. One week, used corrugated boxes sold for \$23/ton; the next week they brought only \$20/ton.

### SCRAP PRICING A PUZZLE

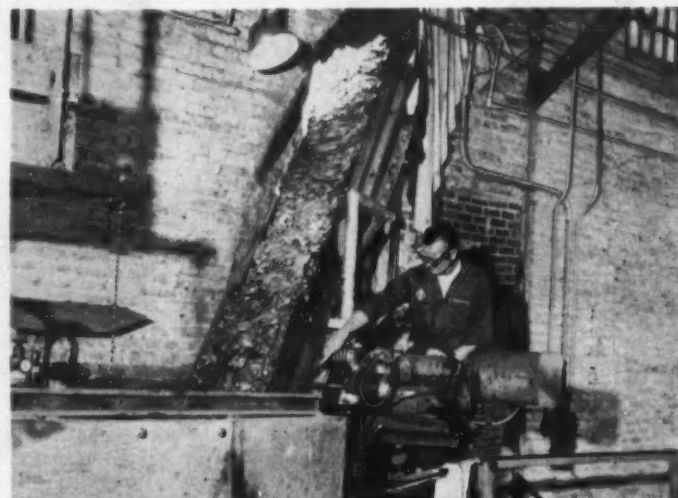
According to Edwin C. Baringer, executive vice president of the Institute of Scrap Iron & Steel, Inc., the pricing of scrap is a puzzle both to the public and to the industry itself.

"Because scrap is a by-product, the price is determined almost entirely by consumers: When they need tonnages, they pay a substantial price to attract it, but when they don't need it, they will not buy it at any price.

"Therefore, the scrap industry works its pricing backwards. Knowing what consumers will pay at a given time, dealers subtract freight from their yards to

the consuming point, subtract also the cost of collection and processing, and then arrive at a price they can afford to pay the owner of the scrap."

Another aspect of knowing price differential is knowing the demand and inventory position of mills. Since scrap industry closely follows the law of supply



**SAMPLING STEEL SCRAP** for quality control at Metal & Thermit Corp.'s detinning plant in Carteret, N. J. M & T buys 350,000 tons of tinplate scrap annually. Tin is recovered and steel sold to the steel industry.

and demand, when inventories are high, prices are low. This information is available from trade publications and industry sources.

But even more important than knowing the market, says Lipkowitz, is a knowledge of how the scrap industry operates. Or to state it another way: How do you handle scrap to get the best possible price?

The answer is simple: "Keep scrap metals segregated and free from contamination of other metals," says Lipkowitz, "and you'll get a better price for your scrap."

It's up to the P.A., according to Lipkowitz, to impress upon the plant manager the fact that the value of any scrap material is lessened if it is mixed with any other metal.

You can get an idea of what scrap is worth in its "pure" and "impure" state from a scrap control manual developed by Marquette (Aircraft) Corp., Van Nuys, Calif. Here is how the chart figures the value of scrap in various states:

- Mixed aluminum scrap is worth less than three-fourths as much as scrap separated and placed in marked containers.

- If steel scrap is mixed with aluminum scrap, the value of the aluminum scrap drops 60%.

- Mixed stainless steel is worth about 80% less than if it is separated and placed in marked containers.

- Re-usable stainless is worth four times as much as plain segregated scrap.

- Mixing aluminum and magnesium borings places both met-

als in a worthless category.

### ORGANIZING SCRAP DISPOSAL

Many companies don't want to disturb the traditional local character of scrap handling but want to improve efficiency, knowing the value of scrap. Others don't want to overcentralize or pay an outside agent. One way

G. J. Ragozzino of American Cyanamid Co.'s purchasing department is such a specialist. Ragozzino provides information on prices, procedures, methods, and availability of surplus equipment and supplies. Cyanamid sold \$125,000 in scrap steel and plastics last year. The company estimates that having a staff specialist increased scrap return 20% to 25%.

An example of the type of service performed was in the disposal of some plastic scrap for the company.

Scrap dealers were reluctant to buy this material and were offering little for it. Ragozzino had a chemical analysis made of the material and found it contained 25% nitrogen. On the basis of this and other information, he was able to dispose of the plastic as a grade of fertilizer at a much better price.

### THE PROFIT-MAKING P.A.

The difference between a P.A. who makes a profit on scrap and one who does not is know-how and attitude, according to J. R. Welsh, assistant general purchasing agent at American Brake Shoe Co.

"The profit making P.A. considers scrap a product of manu-

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# For Alert Purchasing Agents

facture — a commodity rather than a nuisance," he said.

American Brake Shoe has had big returns on its scrap handling program since it centralized its waste material disposal under the purchasing department two years ago. Last year, the company sold \$706,000 worth of iron and steel scrap. In 1958 when reorganization took place, the immediate result was a 14% increase in profits on sales as measured by previous company sales adjusted to publish quotations.

At American Brake Shoe scrap handling is a business and it's handled in a businesslike way. Contacts with dealers and brokers closely parallel relations with other types of vendors in use of bids and contracts.

The company generates 20 different types of metal scrap at 13 locations. Each month Welsh circulates a list of available scrap to groups of brokers asking for bids. The invitation to bid includes grades and terms of sale, so there never is any misunderstanding on what is to be sold. Welsh analyzes bids against other market information before making a sale.

One source of market data is the company's own position as a buyer of scrap. American Brake Shoe purchases \$8 to 9-million worth of scrap annually for foundry operations. As a buyer, Welsh is in a key spot to evaluate market prices for scrap sales.

## GUIDES TO SCRAP CONTROL

How can a purchasing agent improve his market knowledge? How can he be sure he is getting a fair return on his scrap value?

In a complex market, it is difficult to set down any easy rules. Prices depend on a potpourri of factors, including grade of material, plant location, degree of preparation, size of load, time of year, transportation costs, demand, and the idiosyncrasy of the dealer.

Summing up the views of scrap experts, here are seven guides you can use to achieve better scrap control:

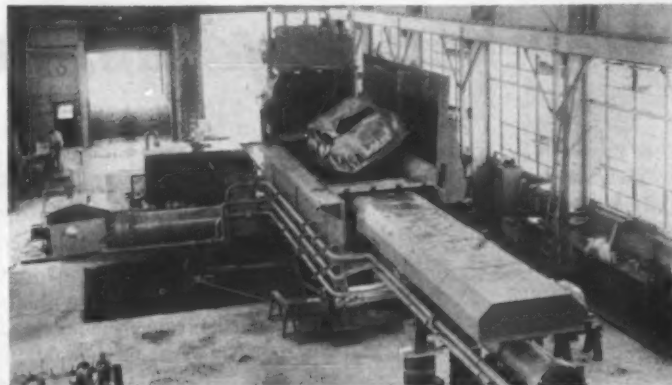
(1) **Know your scrap.** Sounds easy? It isn't. Most plants use a wide variety of raw materials. Separation by primary metals—copper from brass, brass from aluminum, etc.—is a step in the right direction. But there are grades within these broad categories. It pays to know what they are. While it is true trade magazines publish scrap prices, few publish all scrap prices. For example, there are 110 grades of nonferrous metal; 27 for aluminum alone. There are 75 grades for iron and steel products; 42 grades of waste paper; 24 grades of rubber; 12 grades of wool

stock and 104 grades of cotton rags. There are at least 14 grades of plastics. Moral: Unless the P.A. makes an effort to know exactly what he is selling, he may be passing up an opportunity for maximum return.

(2) **Know the price differential.** Scrap prices mean differential. Mills set price based on demand. The price you receive is the mill price, less dealer's costs in pre-

paring, handling and transporting scrap. It is the net price that's important. There are no standards or set percentages for figuring this differential. It depends on market knowledge, on geography, freight rates, degree of preparation, and services.

It is possible to get prices that are higher than published quotations—for example from foreign  
(Continued on page 32)



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# Scrap Recovery Can Mean Business Profits

(Continued from page 1)

dealers—but it is largely a matter of individual negotiation based on demand.

(3) **Know the end use of your scrap.** Scrap is someone's raw material. Steel mills, smelters, paper mills, and plastic producers consume vast quantities of scrap. Here are some indicators of scrap consumption: The iron and steel industry last year purchased 24-million tons of scrap and paid \$1.5-billion for it. Scrap plastics brought \$200-million. One quarter of all aluminum produced comes from scrap. The paper industry in 1959 used 9.1-million tons of paper.

(4) **Know the middleman.** Scrap disposal means dealing with a middleman. Few plants generate enough scrap to deal directly with mills, so there is a need for some form of middleman, usually a dealer

or broker. He represents a special kind of vendor.

The great majority of brokers also operate yards as a hedge against their brokerage operation, according to Barringer. Brokers seek to locate scrap both unprepared and prepared; they finance dealers either in their general operation or for specific demolition projects. They act as sales agent for dealers whose prime function is the collection, preparation, and storing of scrap.

Another type of middleman, new in the field, is the sales agent who represents the producer of scrap. One such agent is the James Flett Organization, which operates as a sales network for industrial and business generators of all kinds of scrap, charging them a flat 5% commission on sales it negotiates.

(5) **Know the desired scrap form.** In marketing scrap it is not enough to know specifications and prices. As noted, market value also depends on how scrap is shipped—whether bundled, boxed, baled or loose. Slight processing such as shearing, breaking, and drying often can boost value.

The question of how much segregation and preparation a plant should do is usually determined by practical economic considerations, such as capital investment, labor, and insurance rates. Equipment costs can run from \$250 for small baler to \$150,000 for shears and crushing machinery.

(6) **Know the dealer's services.** The

normal method used by most P.A.s to dispose of scrap is through the local scrap dealer. He can offer more services than merely trucking away waste material. For example, some dealers provide engineering information to aid in identifying types of waste material. Other dealers, in the scrap metal and plastic industries, will provide containers, trucks or other physical facilities to assist maximum segregation and hold contamination to a minimum.

Dealers in plastic and rubber scrap provide another type of service—repelletizing or reprocessing. This is the reforming of plastic or rubber waste into a usable form. H. Muehlstein & Co., Inc., dealers in rubber and plastic scrap, note that it is often possible to work with plastic scrap producers to design new product lines to use waste plastics.

(7) **Know the safeguards.** Scrap handling can be hazardous—physically and economically—and for this reason it is important to protect your company from liability through contracts.

This point is stressed by J. G. Tiemann, purchasing-stores manager, Shell Oil Company, who is primarily concerned with the cleanup and disposal of scrap at Shell's eight chemical plants and six refineries.

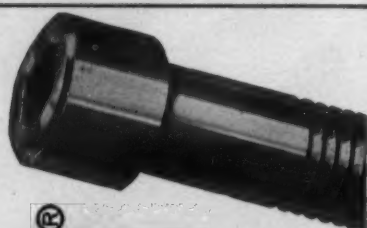
"It is just as important to protect the company from liability as it is to guarantee conditions of sale," Tiemann says. Tiemann's office makes sure scrap dealers have adequate auto and public liability in-

surance before entering plants. Contracts also contain provisions against liability from contaminants, poisons, etc. that might be found in scrap. The seller assumes no responsibility for injuries in removing scrap.

"Contracts should also be a form of protection, considering the history of sharp practices in the scrap industry," Tiemann notes. "Our contracts provide for a deposit in advance of scrap removal to serve as a bond against the sales of scrap."

The contracts also call for certified weight tickets. "We protect ourselves by having plant personnel ride the scrap trucks to scales if they are not located on plant sites," he points out.

Tiemann also indicated that contracts are not assignable and allow only for "normal accumulation" of scrap. This is to protect the company in case a plant should be dismantled or other large scrap producing changes made.



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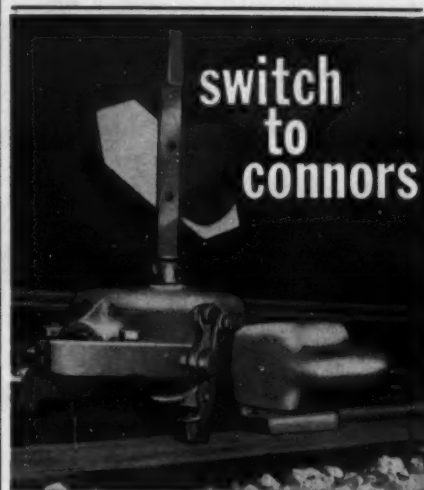
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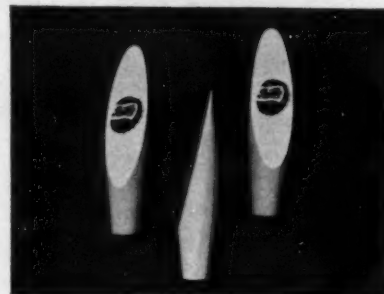
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# Purchasing Perspective

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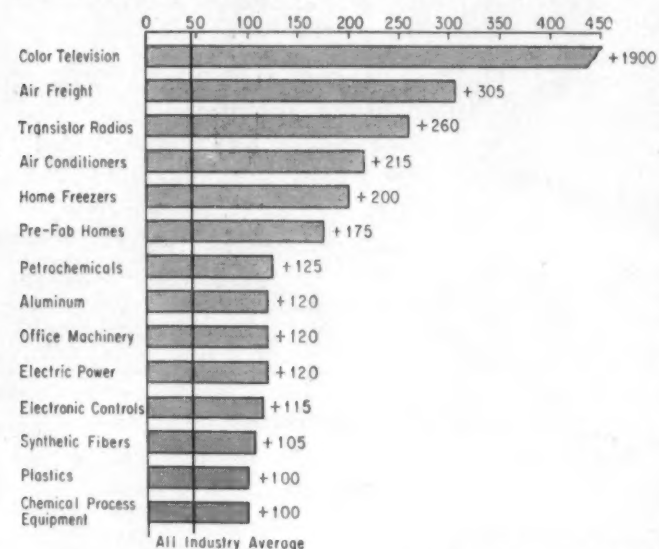
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routes competitive with cross-country and regional trucking schedules.

• Coincident with the re-opening of the St. Lawrence Seaway last week, competing railroads announced plans to cut rates up to 20% to keep the overland business on a substantial list of industrial products (see story p. 1).

**BUYER'S MARKET**—The midwinter shift from quick inventory buildup to inventory caution has been illustrated no more dramatically than in the steel industry. Allowing for normal production scheduling requirements, steel deliveries now are virtually spontaneous. Steel warehouses, back to normal months ahead of schedule, can fill most orders on the spot. Mills can get an order to the shipment stage within two weeks to 30 days on most items.

**ADVANCE PLANNING**—Keep the chart below in mind when you begin formulating long-range purchasing ideas in accordance with your firm's 1960-70 expansion goals. Based on authoritative forecasts by the McGraw-Hill Dept. of Economics, it shows some of the more spectacular percentage increases industries will experience over the next 10 years.



The chart illustrates only those industries where 100%-plus growth is forecast. The McGraw-Hill forecasters see 40% increases in steel and nonferrous metal production in the decade, 75% in electrical machinery, 80% in instruments and controls, 55% in construction materials, 80% in chemicals, 50% in paper and rubber products, 32% in textile mill products, and 42% in petroleum products.

## Chrysler Procurement Rapped

**Detroit**—Chrysler Corp.'s procurement policies came in for harsh criticism last week by a major stockholder, Sol Dann, who also hurled charges of nepotism, favoritism, and mismanagement at an unusually stormy Board of Directors meeting here.

Dann, who holds 5,100 shares of Chrysler stock (second only to Juan Trippe of Pan American Airlines), said he had "requested the directors to pursue action for damages against certain steel suppliers, parts vendors, salvage and parts purchasers, and many other persons and corporations doing business with Chrysler Corp."

# New Drive Hits Distribution Costs

**San Francisco**—A stepped-up attack on distribution costs is shaking up the marketing operations of many large companies. The new drive to lower costs got a thorough airing at the American Management Assn.'s special West Coast Conference on Distribution Management here last week.

Here are some of the methods company officials are using to tackle the distribution problem, generally regarded as the third largest cost of doing business (after labor and material):

• **Data Processing.** Chrysler Corp. with the aid of an IBM 702, has cut the number of its monthly parts transfers from Detroit to district warehouses from 2,200 to 1,800. The computer, which operates 250 hours per month, not only reorders parts from suppliers automatically, but orders them shipped to district warehouses as they are needed. Size of the job can be seen in the fact that 400 items account for 70% of Chrysler's business, while some 42,000 items make up the rest. "We're completely at the mercy of the computer now, except for spot checks," a Chrysler spokesman told PW.

• **Combined departments.** Total coordination of purchasing, production, and distribution at Pet Milk Co. has absorbed these functions into a Production Planning and Distribution Department. The St. Louis plant now is regarded as merely an intermediate point at which raw materials are treated and packaged enroute to the consumer. The plan has resulted in better coordination of in-plant and out-plant traffic, at considerable savings, Pet Milk officials report.

• **Regional warehousing.** Westinghouse Electric Corp. trimmed its network of 272 warehouses to a regional warehouse system when it realized that often an item would be shipped thousands of miles to a warehouse whose neighbor, only a few miles away had the same item in surplus. The new field warehouse system, with controlled inventory flow, has cut processing costs from an average of \$2.50 to 50¢ per order. Moreover, centralization has made electronic data processing feasible for the first time at Westinghouse. An interesting rate saving: Carloads bound for the Ogden, Utah regional warehouse can be unloaded there, the freight reassembled, and the cars sent on to

the West Coast destination without loss of carload rates.

• **Single distribution point.** Raytheon Manufacturing Co., electronics maker, takes issue with the field warehouse concept of Westinghouse. "Field warehouses frequently create availability problems rather than solve them," said John T. Thompson, manager of Raytheon's new distributor products division.

Raytheon now is developing a "Unimarket" distribution system based on the concept that the country is "only five hours wide and two hours deep by jet transport." This means that, theoretically, one-day service is possible with high-value-per-pound electronics equipment.

Heart of the new system is Raytheon's distributor products division, complete with warehouse, at its Waltham, Massachusetts headquarters. This di-

vision acts as a single market for the various Raytheon manufacturing divisions. In this way, the manufacturer hopes to eliminate field warehouses by 1961, substituting an order transmitter in each customer's office. Under this system, Raytheon estimates it will have eliminated 50% of its dollar investment in inventory, plus a quarter of a million in fixed out-of-pocket expenses, by the end of the year.

Beyond immediate solutions such as these, many proposals were made at the conference—ranging from the use of containerized barges to Mach 3 transports, backed by computers and high-speed communications systems. And it was forecast that a new type of executive will be riding high in management decision making: the distribution manager. He will be responsible primarily for packaging and transportation, and some of his roots will lie in today's P.A.

## Bureau of Public Roads Retreats From May 1 Deadline on Foreign Purchases

**Washington**—The controversy over using imported materials in the federal-aid highway program has come full circle.

The Bureau of Public Roads backed off last week from a May 1 deadline on which states were to start observing federal "Buy American" regulations in purchasing construction materials. The regulations, issued almost a year ago, was postponed "indefinitely." The reason given is that states have raised sufficient legal and other questions to throw the matter back into the study stage.

The matter of whether a state

can bar the use of foreign construction materials on the multi-billion dollar federal-aid highway program has had a stormy life. The federal Buy American Act first imposed back in 1933 slapped a 25% cost differential in favor of domestic materials on all federal projects. In 1954, President Eisenhower amended the act with an executive order reducing the price differential to only 6% (12% in labor surplus areas). Thus, if domestic materials were more than 6% higher than foreign goods, the imported materials could be used in federal construction.

### Nothing Said

When the federal-aid highway act was passed in 1956 with the federal government putting up 90% of the cost of building interstate highways, and 50% of the cost of building other roads, nothing was said about whether the program was subject to Buy America provisions.

States, therefore, decided for themselves whether foreign materials would be used in their road construction. Most states don't have any restrictions, other than quality, on imported roadbuilding materials. However, about 15 states came out with limitations on the use of foreign materials in varying degrees.

### Came to Head in Texas

The matter came to a head in 1958 when the Texas Highway Commission said it was going to ban the use of imported steel for its road construction if the Bureau of Public Roads agreed to such a measure. But the Bureau of Public Roads told Texas it could not agree to such restrictions. It also told the states that beginning July 1, 1959, any restrictions on foreign construction materials used in the highway program must be done in accordance with the federal Buy America Act with some modifications.

But the bureau later postponed the effective date of its order to December 31, 1959, then to March 1, 1960, and now it has put the matter off indefinitely.

## Burroughs' New Ribbons Fit Most Typewriters; Last Three Times as Long

**Detroit**—Burroughs Corp. announced it has developed a new "universal" typewriter ribbon that fits most typewriter makes and can outwear three ordinary ribbons.

In addition, Burroughs says, it's the first fabric ribbon ever developed that will record both black and red for offset and heat transfer duplicating processes.

Burroughs claims the ribbon, to be marketed under brand names Nu-Kote and Encore, will write more than half a million words without losing its clarity.

### Fits 140 Models

The Nu-Kote ribbon will be mounted on a new universal plastic spool that will fit more than 140 different portable, standard and electric typewriters while the Encore line will be marketed on manufacturers' standard spools.

The product combines a new ink formula, developed by Burroughs' ribbon, carbon, and ink research laboratory, with an ultra-thin, high-strength fabric. The ribbons will be sold only in 24 and 36-yd. lengths. (Ordinary ribbons are 12 and 16 yd. long.)

Suggested retail price for a package of ten, 24-yd. ribbons will be about \$26. Ribbons 36 yd. in length will retail for about \$35 a package.

## Price Changes for Purchasing Agents

Item & Company	Amount of Change	New Price	Reason
<b>INCREASES</b>			
Theobromine, lb.	.30	\$4.50	high costs
Gasoline, Mobil, Mass., Me., N. H., R. I., N. Y., dlr. tnkwgn., gal.	.003-.009	....	price restoration
Bismuth nitrate, cryst., 250 lb. dms., lb.	.17	\$2.25	incr. costs
Subcarbonate, USP, 150 lb. dms., lb.	.50	\$3.70	incr. costs
Subnitrate, NF, 200 lb. dms., f.o.b. wks., lb.	.50	\$3.15	incr. costs
<b>REDUCTIONS</b>			
Gasoline, 91 octane, Mid-Cont., gal.	.005	.11	slow demand
Casein, Argentine, carlots, lb.	.0025	.1925	good supply
Manganese sulfate, 75%, carlots (30 ton lots), ton.	\$11.00	\$75.00	competition
65%, carlots (30 ton lots), ton.	\$11.00	\$86.50	competition
Gum turps., So., gal.	.01	.51	low demand
Copra, Coast, ton.	\$2.50	\$202.50	low demand



# Steel Buyers Now Switch to Buy-As-You-Go Plan; Both Inventory Peaks and Valleys Flatten Out

(Continued from page 1)  
dip to perhaps 12 to 13-million tons during general production easeoffs.

Motivated by the ready availability of materials, the prospect of steady prices in the months ahead, and the high cost of carrying top-heavy inventories, steel buyers already have indicated they are cutting inventories to a "working minimum."

If 60 days were considered normal before, it's more like 45 days or lower now in many firms. That's not quite hand-to-mouth, but close to it. There is one apocryphal story now going around Cleveland of a purchasing agent who is timing the traffic lights between the steel warehouse and his plant to determine delivery schedules.

Carrier Corp.'s A. G. Ruediger, chairman of the NAPA steel committee, told PURCHASING WEEK most big steel buyers are now keeping "normal inventories"—generally in the 30-to-60 day category—and in some cases are reducing inventories where faster deliveries and shorter lead times make this possible.

The reason for the recent sag in steel production rates, says Ruediger, is not necessarily because P.A.'s are not buying steel.

Steel industry capacity is well in excess of current consumption rates. That excess capacity is assurance that shortages are not going to sneak up on the metalworking industries any time soon.

(4) The post-steel strike period proved that the steel warehouses can keep a lot of plants running for a longer period of time than anyone thought they could. Steel warehouse inventories are back to normal tonnages.

(5) Both the steel mills and metalworking industries are getting much more sophisticated in determining costs. Old rules of thumb are giving way to more accurate cost analyses. Thus, some metalworking companies, which previously thought it cost them "about" 15% to carry a hefty steel inventory, have found that in some cases it cost more like 40% of the value per year. "Cost of possession" is becoming an important term to reckon with.

(6) High money interest rates have had a sobering effect on metalworking firms. Inventories necessitate interest on investment, just as much as capital improvements. With the steel supply situation so well in hand, it's just good sense to reduce the amount of interest being paid on inven-

sider any price hikes very carefully before exposing any more of their markets to attack.

In fact, some domestic mills are meeting foreign price competition. One mill in the Pacific Northwest is reported to have met foreign prices on nails. A Southern mill is reported to be matching import prices on reinforcing bars in the Texas market. This is far from a trend, yet, but it does indicate that domestic producers are trying new approaches.

The shift in steel buying patterns has put the steel service centers in the curious position of having to maintain good inventories at a time when they'd like to reduce inventories bought with high-priced money. But customers are demanding quick delivery and full orders at one crack or taking business elsewhere.

Thus, the Steel Service Center Institute in Cleveland reports its members are carrying about 3.5-million tons in inventory presently, "about normal based on present or anticipated business." There are some product imbalances such as in cold finished bars, alloy heat treated bars, or odd-ball sizes. Cold finished sheets are still tight in some gages for a steel service center here and there.

"We don't believe there will be any appreciable decline in the 3.5-million ton inventory level," says one service center executive, "because of the competitive situation. There probably won't be much increase in that tonnage either, just a faster turnover, if business gets better. We have heard of cases where steel buyers have shopped around until they found the item they wanted on a mill's rolling schedule that week. When steel buyers can look for one to two weeks deliveries on standard commodities from the mill, steel supply is in exceptionally good shape."

The hope is that steel buying will continue to follow steel consumption closely. That may bother the steel salesmen this year, but it will make them glad next year. Only the steel buyers can supply the answer. But at any rate, it doesn't look like P.A.'s will be asked to decide the issue until late this year, if then.

## Mining Block Makes Effort For Harmony on Imports

Washington — Congressional mining bloc efforts got underway last week to solder widely split domestic lead-zinc industry groups behind a unified legislative approach to the import controversy.

At a special meeting called by Western senators, the lead-zinc emergency committee, small mine spokesmen, and six leading smelters aired their differences. The industry committee wants a sliding scale import duty to replace current import quotas. The smelters favor a permanent tariff, at a lower level than the 3¢ per lb. average rate the mines are asking. The small producers are asking industry-wide support for separate legislation to support their output up to 5,000 tons per yr. at 17¢ per lb. on lead, 14½¢ per lb. on zinc.

tories, thus freeing more money for productive improvements.

The threat of a possible price increase on steel is not imminent enough, nor is there sufficient apparent common agreement among the steel producers on the need for a price hike, to scare many buyers into hedge buying now. It will be late 1960 before there is much chance of a change in that situation. There are reasons why a price hike may not come even then.

Steel producers are under competitive attack on more than one front. Alternate materials and imported steel have made significant inroads into some steel markets. The domestic mills may find that they have to raise prices after the increases of the new labor contract go into effect in November, 1960. But you can be sure the mills will con-

## How Buyers See the Shifting Buying Pattern

• Purchasing director at Federal Pacific Electric Corp., Newark, N. J. is buying steel with a 30-day lead time. He says his inventory position is slim or "soft" and plans no changes in the immediate future.

• A major Chicago appliance manufacturer plans to stick by its present buying habits—3,000-4,000 ton of steel monthly. This is sufficient to meet immediate production demands and still keep a fair inventory.

• A large Midwest farm equipment maker currently has an abnormally high steel inventory. Orders placed during the strike were all delivered at once. Plans call for inventory reduction to a bare minimum by July and, after that, just enough to meet immediate production needs "and not a pound more."

• American Brake Shoe Co., New York now has a 60-90 day inventory but is rapidly trying to trim off excess stocks resulting from the uncertain strike period. It aims to get down to an "in-line-with-production" position.

• Chrysler Corp., Detroit, is now buying on the basis of a 30-60 day inventory. "By the end of the third quarter," a company spokesman said, "we will have reduced buying to satisfy our minimum inventory of 20 days."

• Ford Motor Co., Detroit, has now hit a normal buying level of 45 days which they plan to continue.

• "We are buying at intervals of 30-60 days," says Gene Long, PA for Baker Oil Tools, Los Angeles. "Normally, the pattern is 60-90 days. But the shorter period has now become preferable because of good deliveries and because we are working off excess inventory."

They are buying—but at "normal" consumption rates, and the industry's production percentage looks sad because of producers' terrific capacities.

Reasons for this shift in buying patterns are many and complex. No one factor could do it alone; all the elements must be considered in the aggregate.

(1) Many sources, including the steel producers, have been advocating this matching of buying with consumption for a long time. Maybe the talk is beginning to penetrate.

(2) With the new labor contract, the steel industry seems assured a long period of relatively strike-free production. There is little pressure from this direction for hedge buying.

(3) The steel industry has proved that it can produce steel at a fantastic rate when it has to.

## Late News in Brief

### Longshoremen Tie Up Port of N. Y.

New York—Some 15,000 members of the International Longshoremen's Association brought the Port of New York to a standstill last week as they refused to cross picket lines set up by an unrecognized clerical worker's union.

The clerical union, Local 153, Office Employees International Union, AFL-CIO, has been seeking recognition from the New York Shipping Association, which represents the maritime industry in this port. The dispute is now before the National Labor Relations Board.

### Capital Explores Merger

Washington—United Air Lines and Northwest Airlines Inc. were reported last week as "logical contenders" to take over the debt-ridden remains of Capital Airlines.

Capital President David H. Baker, told stockholders the line is continuing "to explore merger possibilities." Capital's troubles were compounded recently by government refusal of a subsidy and by threats of foreclosure for nonpayment of a \$33.8-million bill to Vickers-Armstrong, Ltd., for 60 Viscount planes.

### GNP Up \$14.5-Billion

Washington—America's gross national product rose \$14.5-billion over the fourth quarter of 1959, the Council of Economic Advisers reported last week.

The report showed a total GNP of \$498-billion for the period January-to-March, 1960, compared with \$483.5-billion in the October-to-December period in 1959.

### Railroad Strike Postponed

Washington—The national railroad strike set for May 5 automatically was delayed 90 days last week, when the National Mediation Board cleared the way for President Eisenhower to appoint a fact-finding panel to look into the dispute.

Under the Railway Labor Act, appointment of the panel will mean a delay of 30 days for making settlement recommendations, 30 days for the feuding parties to decide whether or not to accept the panel's findings, and a final 30 days before the strike can begin.

### 'Super-Speed' Piggyback Unveiled

New York—The New York Central Railroad introduced its "super-speed" piggyback operation last week as the first of its all-container Super-Vans made the New York-to-Chicago run in less than 24 hours.

## Rail Rate Slashes Stir Protest Among St. Lawrence-Great Lakes Authorities

(Continued from page 1)  
York Central Railroad vice-president, Arthur E. Baylis.

Baylis told the New York Society of Security Analysts that the Seaway was a "government-subsidized competition by foreign-flag ships." As such, he continued, the railroads had no choice but to meet this "unfair" competition in anyway they can. He said the rate reduction plan was "a new attempt" to do this.

"We're prepared for a fight," declared Capt. John Manley, director, Department of the Port of Chicago. "I've said it before, and I still believe, that the Battle of the St. Lawrence has just started."

Manley called railroad charges of "unfair competition" just another display of "crocodile tears." With all the new port facilities along the Seaway, we can only handle about two or three million tons at each port. Last year's figure of 20-million tons is just a drop in the bucket in comparison to what the railroads handle. "In an expanding economy," he went on, "there's plenty of room for the railroads and the Seaway to co-exist in peace."

Manley said he plans to consult the Chicago City Council to determine what kind of protest might be lodged with the Inter-

state Commerce Commission against the new rates.

At the same time, the Associated Great Lakes Conference, representing 12 steamship lines out of the Bremen-Bordeaux European perimeter, four lines from the United Kingdom, and five Scandinavian lines, declared, "We will naturally oppose Mr. Baylis. The New York Central has tried this before and failed," said a Conference spokesman.

The new rates, "which have already been cleared and placed on the docket," will be published as follows: for chinaware, today, Apr. 25; agricultural implements, on May 5; pulpboard and paperboard, on May 4; and on trucks, cars, iron and steel rods, "very shortly."

The current commodity import rate on iron and steel runs about \$1.18/100 lb. on 40,000 lb. on minimum shipments while the rate for pulpboard and fiberboard is \$1.17/100 lb. on minimum shipments of 36,000 lb. The cut will bring the tariff down to around \$1.00/100 lb. on both.

Normally, rate cuts of this type go into effect 30 days after publication unless the ICC decides to suspend them temporarily because of what it considers justifiable protests.



# Lockheed Announces Souped-Up Cargo Plane

Burbank, Calif. — Lockheed Aircraft Corp. is planning to put more muscle into its jet cargo planes designed for use by the Military Air Transport Service.

Lockheed has just come out with a beefed up version of the Hercules, which can carry almost 20 tons. The company promises delivery of the \$2-million aircraft in quantities of 50 to 100 just 10 months from the ordering date.

"The new model can fly 4,800 miles non-stop with 22,000 lb. payload," Carl Kotchian, Lockheed vice president declared. "Or it can fly shorter distances with

heavier loads. It will be an immediate answer to the critical problem of military air life as we and others work on ultimate solutions."

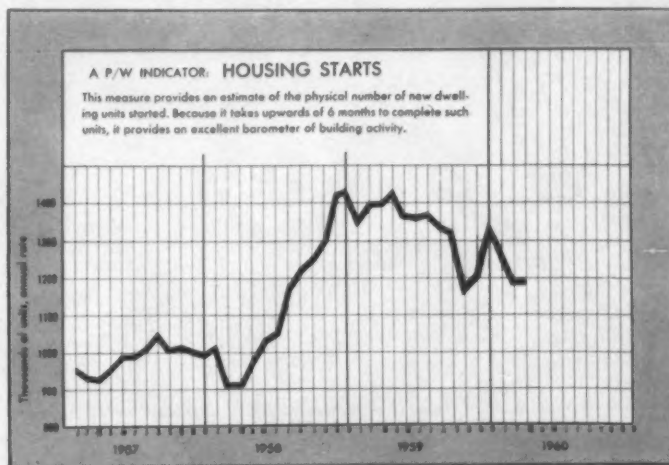
Overcoming major redesign costs, the Hercules would retain its straight-in loading feature at truck-bed height, an arrangement that speeds ground operations as well as facilitate paratroop drops through a rear door.

Increased performance of the new design would develop from strengthening landing gears and supporting structures and by at-

taching 1,360 gallon tanks under each wing increasing fuel capacity to 9,680 gallons.

Kotchian said this method of stretching performance results in boosting takeoff weight about 15%.

**DESPITE BAD MARCH WEATHER,** housing starts showed their usual seasonal gain last month. But at 1,115,000 units (seasonally adjusted annual basis) they were still some 20% below year-ago.



## At Last Uncle Sam Finds Out What to Do With Its Excess Trading Stamps

Washington—At last, one of the thorny problems hanging over government procurement officials has been settled: They now know what to do with the trading stamps they collect from buying gasoline and other items.

The answer from the Comptroller-General, the watchdog of government procurement: For heaven's sake, give them to some worthy federal institution—veterans administration hospital, Indian Agency, federal prison, or the like.

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One Friday afternoon, a manufacturer in Seattle suddenly had an equipment breakdown. He needed 500 feet of 5-KV copper cable *fast*. At 5:05 he caught his Rome representative just leaving the office. Rome man called his home office in Rome, N. Y. By 11:00 that night the order had been assembled from Rome's stock. By 7:30 Monday morning the cable was *in Seattle and on the job!* This was a case of a purchaser who knew what he needed to know about buying copper wire and cable. **1.** He knew where to turn when he needed *service* that might cause other suppliers to pale. **2.** He also knew that *availability* is rarely a problem, because of Rome's stocking program and network of 500 distributors. **3.** He knew of Rome's delivery plan—close teamwork that puts every foot of cable where it's needed, when it is needed. **4.** And he knew Rome's *prices* are competitive.

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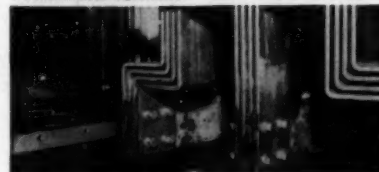
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